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MEDIA INFLUENCE MATRIX: ISRAEL

Funding Journalism

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KEY TRENDS

Israeli media have undergone tremendous changes in the last three decades, transforming from what was effectively a state monopoly that aligned with political parties into a technologically advanced and ostensibly competitive market (as of 1986). A rapid expansion of the private sector in the 1990s was followed by a communications revolution that led to an explosion of media, including today a diverse mix of old and new, public and commercial, cable and satellite, and increasingly dominant, if not ubiquitous, digital media.

But beneath the appearance of this growing diversity, there is little pluralism. The lion's share of Israeli media is actually controlled by a small group of owners, about ten wealthy families of media moguls. In fact, most Israeli media enterprises are not standalone businesses but attached to larger conglomerates with businesses in industrial and other non-media sectors — and could be considered beholden to them.

The most salient characteristic of the media system for the purposes of this report is its unusual opacity. Nearly all of the country's major media assets are privately controlled, often part of larger private corporate structures that, under Israeli law, are not required to publish annual financial statements or make relevant financial disclosures to the government, and fiscal or media regulators. As a result, investigative journalists, analysts and even advertisers in the media market must rely on information leaks and rough estimates of enterprise value, circulation, revenue and income.

What is known though is that most of the media companies in Israel are loss-incurring operations. For example, Israel Hayom, a large daily newspaper, known for its support to Prime Minister Netanyahu, accumulated a

staggering loss of ILS 730m (US\$190m) between 2007 (when it was founded) and 2014. This shows that many media outlets are not run like businesses in Israel but are used as tools to promote the interests of various powerful players, both politicians and businesses.

Elad Man, legal advisor of Hatzlacha NGO and the Chairman of the Seventh Eye Association, sheds light on the regulatory dead-end: "The situation in which private companies do not disclose sensitive financial information results from the absence of obligatory statutory directive," he said. "The reports of private companies are not publicly available. They are submitted without financial information and exposed to the tax authority only [...]."

Israeli news media comprise four general daily newspapers, three daily financial newspapers, dozens of niche and local papers and magazines, two major national commercial television channels (Reshet 12, Keshet 13), a cable and satellite services duopoly (Hot TV and Yes TV), two public radio networks, 14 commercial regional radio stations and hundreds of websites and portals, some of them part of independent journalism initiatives and projects.

The funding sources in the Israeli media market follow international trends. While these sources are somewhat diverse, advertising and government financing dominate:

- Commercial funding (advertising, newsstand sales, and different models of subscription fees, and paywalls);
- State funding (a government advertising agency providing public advertisements and direct funding from the state budget);
- Donations and grants (mainly from US-based Jewish organizations, individual and corporate donors, and crowdfunding).

This report is written at a critical moment in the history of Israeli media. It reflects the volatility of a small market shaken by a dramatic restructuring of public media in 2017, and the 2019 merger of two commercial operators under the Second Authority for Television and Radio. It is not yet clear what impact this merger will have on how the public interest is preserved in the media.

The Israeli media market is also shaped by the unstable political realities of the Middle East, which produce a security-oriented public discourse of high intensity. As one observer noted: “Israel is probably the most media-obsessed country in the world.”^[1] Military campaigns and wars (like Operation Defensive Edge in 2014) have a disrupting effect on the advertising market and the entire news industry. In addition, there is an ongoing crisis of print media as it struggles to move to digital media. The latter sees its advertising revenue grow sharply while print advertising continues its dramatic decline.

The involvement of high-placed political figures in the inner workings of media raises fundamental questions about the legitimacy and integrity of professional journalism in Israel today. Recent police investigations into these forms of interference prompted Israel’s Attorney General to recommend charges of fraud, breach of trust and bribery against the Prime Minister, Benjamin Netanyahu in three criminal corruption investigations known as Cases 1000, 2000 and 4000.

On the other hand, the growing influence of a group of largely right-wing tycoons, some of whom residing in the U.S. or Europe, who cooperate with local political figures in Israel, raises serious concerns related to media consolidation, crony capitalism, undue cross-ownership cases and lack of transparency, which are all key ingredients of media capture, a form of excessive control by oligarchic structures and political elites that seems to find a propitious environment in Israel.

[1] Michael Widlanski, “Israel Studies An Anthology: The Media in Israel,” Jewish Virtual Library, September 2009, available online at <https://www.jewishvirtuallibrary.org/israel-studies-an-anthology-the-media-in-israel> (accessed on 25 May 2020).

Who's who in Israel's media

The most prominent and influential media groups in Israel

| Service operator | Ownership | Key influential actor | Prominent news media assets | | | |
|---|---|---|--|---|--|------------------|
| | | | TV | Radio | Print | Online |
| Keshet Media Group | Wertheim family (51%), Gal Naor (Tshuva family 20%), Lemelbaum family (15.3%), William Nagel (7.7%), Alex Giladi (5.9%) | Avi Nir (CEO) | Keshet 12 | | | Mako.co.il (N12) |
| Reshet 13 | RGE (68%) (consisting of Len Blavatnik 52%, Udi Recanati 9%, Nadav Topolski (7%), Udi Angel (16 %), Strauss-Elite (5%), Endemol (11%)) | Yossi Wershavski (CEO) | Reshet 13 | | | 13tv.co.il |
| Israel Hayom | Media LLC Israeli (100%) | Sheldon and Miriam Adelson | | | Israel Hayom | Israelhayom.com |
| Yediot Ahronoth Group | Mozes Family (85.8%), Baron-Fishman Communications (14.2%) | Arnon (Noni) Mozes | | | Yediot Ahronoth | Ynet.co.il |
| Maariv | Eli Azur Media companies | Eli Azur | | 99FM 103 FM Radio Tzafon (North) | Maariv The Jerusalem Post Local press Givataim | Maariv.co.il |
| Israeli Public Broadcasting Cooperation (IPBC) | Government | Government | Kan 11 Educational channel 23 Makan 33 | Kan Culture Kan Bet Kan Gimel Kan Reka Kan 88 Kan Moreshet Kan Kol Hamusika Kan Arabic | | Kan.org.il |
| Bezek Telecommunication | Private ownership, BCommunications 26.4% divided between: Searchlight Capital Partners 60% Forrer Family 40% Public ownership: 73.6% | Shaul Elovitch, Ilan Yeshua, Ido Eshed (CEO), Maayan Dagan (Editor) | Yes Cable TV | | | Walla!NEWS |
| GLZ (Israeli Defense Forces Radio) | Ministry of Defense | | | | Glz Glgz | Glz.co.il |

Source: CMDS

CONSUMPTION TRENDS

Media consumption trends in Israel show a significant decline of over 13% in exposure to print media between 2016 and 2018. Internet use keeps growing at the expense of subscribers of cable or satellite television, which are the key platforms for commercial broadcast channels. Radio listenership seems to experience a slight decline although these fluctuations point to a relatively stable consumption.

Content diet

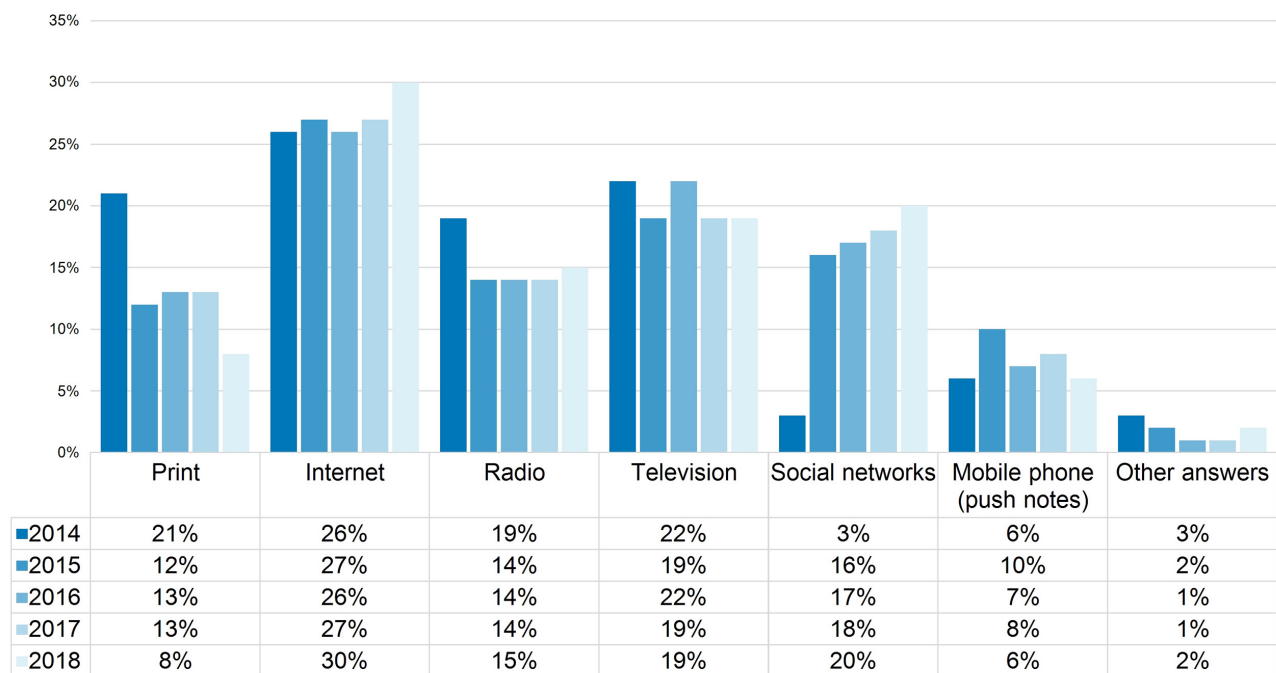
Media consumption in Israel, breakdown by medium, % of total population

| | Television (subscriptions to cable or satellite) | Internet (use by persons aged 20 and over) | Radio | Print media | | |
|-------------|--|--|-------|-------------|---------|--|
| | | | | Daily | Weekend | Households that purchased daily newspapers |
| 2016 | 60.3% | 79.7% | 67.4% | 54.9% | 58.4% | 9.8% |
| 2017 | 59.2% | 81.6% | 65.9% | 51.1% | 53.6% | 8.3% |
| 2018 | 59.1% | 83.7% | 65.8% | 41.6% | 46.4% | 5.8% |

Source: CBS (for television and households that purchased daily newspapers);
TGI (for radio and print media/daily-weekend)

Content preferences

How do you prefer to get your news update?



Source: Digit Survey for IDC Herzliya

The global trend of declining newspaper reading is also present in Israel. Daily and weekend newspapers alike show a similar tendency (with some advantage to the latter). The declines are statistically significant. Eitan Kassif, CEO of Kantar Media Israel, a survey company, explains that the overall reading trend is calculated based on reading of all newspapers (meaning that overlaps are not included in the figures). Consequently, a significant share of the country's readers has stopped reading newspapers and consume instead information from other platforms (social networks) or in different formats (mobile push notes).[2]

This trend is also valid for television consumption. Television still enjoys solid audience popularity, but also shows stagnation in advertising sales, which for the first time in 2018 evened up with the growing digital advertising spending. (*See Key Funders in this report*) Given that 6.6 million Israelis use the internet across sectors and ages (13+ years old), accessing roughly 8 Gigabytes a day, with internet content consumption on mobile phones and online radio listenership up in the past two years by 90% and 50%, respectively, investments in online enterprises are expected to further grow.

Similar to previous years, the Israel Democracy Institute, a Jerusalem-based think tank, found a broad gap in the degree of trust between the Jewish and Arab citizens of Israel in the various Israeli public institutions. In 2018, this gap widened to a high record level. The level of trust in the media among both Jews and Arabs showed a slight increase in 2018 compared to the previous year, to 33% (Jews) and 18.5% (Arabs). Yet, media was nearly at the bottom of the heap when it comes to public trust, according to the Democracy Index: it ranked sixth out of eight public institutions.[3]

According to Digit Survey, the trust in all journalists who work in different media platforms (television, radio, digital and print) registered a drop of 12% between 2017 and 2018 (though trust in radio journalists increased by 4% the same year).[4] The way people perceive the professionalism of journalists varies along different media platforms as following: television news (25%), radio (9%), daily newspapers (8%) and internet journalists (6%).[5]

While an increasing number of Israelis prefer to get their news updates online, they have a low trust in internet journalists: only 50% believe that journalists' tweets are reliable. Moreover, Israelis are less inclined to opt for news updates via social networks, a trend that is to some extent contradictory: if people trust the internet less, why would they choose it as their main channel to consume news? The answer probably lies in the nature of digital culture: the digital fingerprint in our lives produces rigid habits because of its great availability and immediacy. In addition, the internet provides a sense of control by offering a variety of opinions and sources of information that the reasonable customer thinks can be ascertained and interpreted.

[2] Interview of the author with Eitan Kassif, July 2019. All TGI data presented in this report is courtesy of Kantar Media Israel.

[3] Herman Tamar et al., "מדד הדמוקרטיה הישראלית" (Israeli Democracy Index), IDI 2018, accessible online (in Hebrew) at <https://www.idi.org.il/media/11555/democracy-index.pdf> (accessed on 2 September 2019).

[4] Roi Katz, DIGIT conference at IDC "סקר דעת קהל בנושא תקשורת דיגיטלית" (Public opinion Survey on Digital Media), Maagar Mochot, March 2018, accessible online (in Hebrew) at <https://www.slideshare.net/pazavi/digit-2018> (retrieved 23 August 2019)

[5] The survey question was: "Which one from among the following would you consider the most professional and reliable journalists: radio, TV, internet, or newspaper affiliated journalists?"

POPULAR NEWS MEDIA

Key Players

Television

The Second Authority for Television and Radio is a statutory corporation, responsible, since its establishment in 1990 by the Knesset (Israel's Parliament), for regulating and supervising commercial television and radio broadcasts in Israel. *(See more about regulation of broadcasting in Government, Politics and Regulation chapter of the Media Influence matrix: Israel report)*



The Second Authority regulates the two major operators of commercial television channels in Israel: Keshet 12 and Reshet 13.[6] Both have been in operation since the early 1990s when commercial television was launched in Israel. Operating as franchisees, they used one frequency (held at the time to Channel 2, now defunct) by rotation. In January 2002, Channel 10, another commercial television player, was licensed and began broadcasting, bringing more competition to the field. In 2017, following then newly introduced regulations, Channel 2 split out and the two broadcasters (Keshet and Reshet) were granted their own standalone broadcast licenses. Channel 10 continued to operate in parallel as a third broadcaster. The three broadcasters engaged in an aggressive competition for advertising revenue that eventually prompted Channel 10 to merge with Reshet 13 in 2018.[7]

Owned by Keshet Media Group, which also controls the popular news portal Mako, Keshet 12 is by far the most popular and powerful broadcaster in Israel, commanding 44% of the audience. It boasts leading ratings and original productions including popular entertainment shows and drama such as the singing reality competition *HaKokhav HaBa* (Rising Star) or the acclaimed *Hatufim* (Prisoners of War, aka Homeland), an Israeli television drama series that has become successful worldwide. Keshet Media Group is controlled by some of Israel's richest families, including the Tshuva family (whose worth in 2018 was US\$ 4.15bn and who is invested in a slew of industries including gas, infrastructure and car dealerships) and the Wertheim family (the holder of the Coca Cola franchise in Israel, a family whose worth in 2018 was US\$ 1.8bn).[8]

Reshet 13 comes second in audience ratings. Although it is considered one of the most successful channels in the country, it has lower ratings than Keshet 12 and suffers from a budget deficit. According to the latest ratings, Reshet 13 has an average 35% audience share on prime time.[9] A

[6] Since March 2018 The Second Authority also regulates channel 9 (in Russian), channel 24 (music), Hala TV (in Arabic), and Channel 20 (Jewish tradition).

[7] Amy Spiro, "Merger of Israeli Networks Reshet and Channel Ten Given Final Go-Ahead," *Variety*, 8 November 2018, available online at <https://variety.com/2018/tv/news/reshet-channel-ten-merger-israel-approval-1203023711/> (accessed on 24 October 2019).

[8] "The Top 30 Richest People in 2019 Israel, and Where They Get Their Money," *Haaretz*, 19 June 2019, available online at <https://www.haaretz.com/israel-news/business/MAGAZINE-the-top-30-richest-people-in-israel-and-where-they-get-their-money-from-1.7373110> (accessed on 24 October 2019).

[9] Anat Bein-Leibovitz, "מלכוד 13" (Catch 13), *Globes*, 25 September 2019, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001301868> (accessed on 30 September 2019)

majority stake in Reshet 13 is controlled by Len Blavatnik, a businessman with a fortune of US\$ 17.3bn made after the disintegration of the Soviet Union, who is also an investor in the chemical behemoth LyondellBasell Industries, Warner Music and the sports streaming service DAZN.[10] A donor to both the Republican and Democratic parties in the United States, Blavatnik is known to be one of the close friends and supporters of Israel's Prime Minister Benjamin Netanyahu.

Channel 20, a Jewish heritage channel, broadcasts news and culture programs, and identifies politically as a right-wing channel.[11] With evening ratings of 1%, it is not considered a key player in the broadcast market. Because of such low ratings, Channel 20 can hardly survive on advertising revenues. This extremely low share prompted the channel to quit the Israel Audience Research Board (IARB), the nonprofit body that measures television ratings via people-meters. Channel 20's owners are the Mirilashvili family, tycoons whose motivation to keep the channel afloat are unclear since the channel is simply loss-incurring and constantly needs financial backing.[12] Tellingly, Channel 20 was one of the few channels that PM Netanyahu, known for his old tendency to refrain from talking to news media, agreed to give interviews to.[13] A series of leaks of recorded conversations showed that Netanyahu had relations with the Mirilashvilis, intervening on their behalf in the media market in spite of an alarming conflict of interests.[14] Yitzhak Mirilashvili, the controlling stakeholder in Channel 20, was the co-founder of VKontakte, the most popular social media targeting Russian speaking people. With his father, the oligarch Michael Mirilashvili, they got involved in investigations of money laundering and fraud.[15]

The public channel Kan 11 is managed by the Israeli Public Broadcasting Corporation (IPBC aka Kan), a relatively new statutory body that replaced the defunct Israeli Broadcasting Authority (IBA). In spite of a weakening general viewership since 2017 when it launched broadcasting, Kan 11 is mainly popular among people over 65 years old.[16] Kan also runs a massive digital platform that brings together IPBC's diverse content (television programming, radio and podcasts). Following a long period of disagreements, contending that IARB ignores measuring Kan's digital traffic, the corporation's executives announced that, as of December 2019, IPBC opted out of the IARB traditional people-meter rating system, looking instead for a system that will measure its

[10] Nati Tucker, "How Israeli Media Became a Playground for Billionaires," Haaretz, 28 August 2019, available online at <https://www.haaretz.com/israel-news/business/.premium-how-israeli-media-became-a-playground-for-billionaires-1.7733164> (accessed on 24 October 2019).

[11] Hilu Glazer, "כך הפך ערוץ 20 מערוץ מורשת יהודי לפוקס ניוז הישראלי" (This is how the Jewish Heritage Channel 20 Became the Israeli Fox News), Haaretz Magazine, 21 May 2015, available online (in Hebrew) at <https://www.haaretz.co.il/magazine/.premium-1.2641654> (accessed on 2 July 2019).

[12] Interview by the author with Nati Tucker of The Marker, October 2019.

[13] The channel was fined for broadcasting current affairs and news programs instead of heritage programs, which the regulator originally licensed them to do. See Nati Tucker "הפוליטיקאים גררו רגליים וערוץ 20 ניצב בפני סכנת סגירה" (Indecisive politicians entangled Channel 20 with closing threats), 17 July 2017, available (in Hebrew) at <https://www.themarker.com/advertising/1.4422523> (accessed on 30 August 2019).

[14] Nati Tucker, "השתגעו? איך מצילים את ערוץ 20?" (Have You Gone Mad? How Can We Save Channel 20?), The Marker, 2 September 2019, available online (in Hebrew) at <https://www.themarker.com/advertising/1.7792966> (accessed on 10 September 2019).

[15] Allison Kaplan Sommer, "The Russian-Israeli Billionaires Embroiled in Israel's Latest Corruption Investigation," Haaretz, 31 May 2017, available online at <https://www.haaretz.com/israel-news/the-russian-israeli-billionaires-suspected-in-israel-s-latest-graft-probe-1.5478457> (accessed on 24 October 2019).

[16] Alexander Katz, "שנה לתאגיד כאן: שוק הטלוויזיה השתנה. הרייטינג לא זינק" (IPBC, a year after: the TV market has changed, the rating didn't), ICE, 10 May 2018, available online (in Hebrew) at <https://web.archive.org/web/20181023071227/http://www.ice.co.il/media/news/article/742634> (accessed on 9 August 2019).

content across all its media and provide solid figures that are crucial for advertisers when they decide where to spend their budgets.[17]

Channel 9 (launched in 2002) is a Russian commercial channel catering to new and old Russian speaking immigrants.[18] Throughout most of its years of operation, the channel suffered losses. In its early years it was held by the billionaire Lev Leviev, a Jewish of Uzbek Bukhari origin who made his fortune in the diamond business and later in real estate. Currently the channel is owned by Alexander Levin, who heads the Stockholm-based TeleAlliance Media Holding AB, a conglomerate of production and media companies that work for the leading television channels in Russia and Ukraine. Levin has also worked for Vladimir Gusinsky, a Russian media tycoon who ran the television channel NTV, the newspaper Sevodnya and the radio station Echo of Moscow, among other media outlets. Levin served as Chief Producer and CEO of some of Russia's most popular television channels such as NTV[19] and TV6. Since acquiring the Israeli Channel 9 from Lev Leviev in 2013, a deal that made him an Israeli citizen, Levin has invested tens of millions of shekels in the cable station.[20] Channel 9's CEO is Yuri Kaganovich.

Television power

Most prominent television channels in Israel, by audience share, 2013-2017

Note: The remaining share (to 100%) is accounted for by other channels (which IARB categorizes as "miscellaneous"). They include cable and satellite channels like National Geographic or Al Jazeera, downloads of content watched on TV, Video on Demand (VoD) content and content from game consoles. The data refers to the average daily share for individuals aged 18+. The data in these tables are presented to reflect regulatory changes in the market.

| Channel | Population | 2013 | 2014 | 2015 | 2016 | 2017 | Operating company | Ownership/control |
|--------------|-------------|------|------|-------|------|------|--------------------------------|--|
| Channel 1 | Total | 2.9 | 3.7 | 3.3 | 2.9 | 2.9 | IBA | Government |
| | Jewish only | 3.3 | 4.2 | 3.8 | 3.3 | 3.5 | | |
| Channel 2 | Total | 18.7 | 20.0 | 203.3 | 18.8 | 16.8 | Reshet and Keshet* | Private ownership changed in time (Reshet/Keshet shareholders) |
| | Jewish only | 21.4 | 23.3 | 23.3 | 21.7 | 20.1 | | |
| Channel 10** | Total | 8.5 | 10.3 | 9.9 | 10.1 | 9.5 | RGE | Shareholders in 2017: Arnon Milchan, Yossi Maiman, and RGE group composed of the Recanati family, Len Blavatnik, and Aviv Giladi |
| | Jewish only | 9.4 | 11.6 | 11.0 | 10.9 | 10.2 | | |
| Channel 20 | Total | n/a | n/a | 0.5 | 0.6 | 0.7 | Kof Dalet (104) Ltd | Yitzhak Mirilashvili |
| | Jewish only | n/a | n/a | 0.6 | 0.7 | 0.9 | | |
| Channel 9 | Entire | 1.8 | 2.6 | 1.8 | 1.1 | 1.2 | Telealliance Media Holdings AB | Alexander Levin |
| | Jewish only | 1.8 | 2.7 | 1.9 | 1.2 | 1.4 | | |

*shared broadcasting time; **now defunct; n/a: not available

Source: IARB

[17] Anat Bein-Leibovitz, "נתוני הרייטינג האמיתיים נחשפים" (The real ratings data exposed), Globes, 3 July 2019, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001291944> (accessed on 9 August 2019).

[18] In the 30 years since the disintegration of the former Soviet Union, Israel has experienced a massive wave of immigration from that region that has brought more than one million immigrants to the country. By the end of 2014 the Russian community accounted for 10% of Israel's population (see more in Marina Sheps, "נתונים נבחרים על אוכלוסיית עולי ברית המועצות-לשעבר", (Selected data on formerly SSSR immigrants) in "Hed, the New Ulpan", issue 106, Fall 2016).

[19] Levin was a producer for NTV, which was founded by Gusinsky who was also involved in the Israeli media market as he owned 27% of Maariv newspaper shares until 2008.

[20] Li-or Averbach, "Alexander Levin in talks to buy Channel 10," Globes, 6 February 2016, available online at: <https://en.globes.co.il/en/article-alexander-levin-in-talks-to-buy-channel-10-stake-1000915254> (accessed on 1 November 2019).

Most prominent television channels in Israel, by audience share, Nov 2017-Jan 2019

| Channel | Population | Audience share | Operating company | Ownership/control |
|--------------------|-------------|----------------|--------------------------------|--|
| Channel.1 | Total | 3.7 | IBA | Government |
| | Jewish only | 4.3 | | |
| Keshet 12 | Total | 12.5 | Keshet Media Group | Wertheim family (51%), Tshuva family (20%), Lemelbaum family (15.3%), William Nagel (7.7%), Alex Giladi (5.9%) |
| | Jewish only | 14.9 | | |
| Reshet 13 | Total | 10.5 | Reshet | Udi Angel, Strauss-Elite, Endemol, Idan Ofer |
| | Jewish only | 12.2 | | |
| Channel 10* | Total | 7 | RGE | Yossi Maiman (33%), Arnon Milchan (16%), RGE (51%) controlled by Len Blavatnik, Udi Recanati, Aviv Giladi |
| | Jewish only | 7.4 | | |
| Channel 20 | Total | 0.6 | Kof Dalet (104) Ltd | Yitzhak Mirilashvili |
| | Jewish only | 0.8 | | |
| Channel 9 | Total | 1.2 | Telealliance Media Holdings AB | Alexander Levin |
| | Jewish only | 1.3 | | |

Note: The period in the aftermath of Channel 2 split into two separate channels: Keshet 12 and Reshet 13

*now defunct

Source: IARB

Most prominent television channels in Israel, by audience share, Jan 2019-Oct 2019

| Channel | Population | Nov 2017 – Jan 2019 | Operating company | Ownership/control |
|-------------------|-------------|---------------------|--------------------------------|---|
| Kan 11 | Total | 3.7 | IBA | Government |
| | Jewish only | 4.1 | | |
| Keshet 12 | Total | 16.7 | Keshet Media Group | Wertheim family (51%), Tshuva family (20%), Lemelbaum family (15.3%), William Nagel (7.7%), Alex Giladi (5.9%) |
| | Jewish only | 19.3 | | |
| Reshet 13 | Total | 11.6 | Reshet | RGE (68%) (controlled by Len Blavatnik 52%, Udi Recanati 9%, Nadav Topolski 7%), Udi Angel (16%), Strauss-Elite (5%), Endemol (11%) |
| | Jewish only | 12 | | |
| Channel 20 | Total | 0.5 | Kof Dalet (104) Ltd | Yitzhak Mirilashvili |
| | Jewish only | 0.6 | | |
| Channel 9 | Total | 1.4 | Telealliance Media Holdings AB | Alexander Levin |
| | Jewish only | 1.4 | | |

Source: IARB

Radio

Radio in Israel is a very popular medium, with a high listenership despite some minor downfalls in recent years. There is a strong tradition of radio listening among the Jewish listeners, which dates back to the transition stage from Mandatory Palestine to an independent Israeli state in 1948. Radio is the sole media platform that evokes nostalgic sentiments and people still experience it as a uniting and intimate mediator between community members in Israel.



Due to state centralization, only the public radio gets to broadcast nationwide whereas commercial radio channels air regionally. Moreover, given that Israel is a small country spread over less than 21,000 km², and its population lives mainly around urban areas, people spend hours in urban traffic jams and become a captive radio audience. Notwithstanding these favorable circumstances, since 2016, radio listenership went down by 1.6%, a decline in which some experts foresee the beginning of a crisis due to the rise of new digital technologies and online broadcasting. Some critics still believe though that tradition will prevail.[21]

The public radio stations maintain a relatively high popularity. Run by IPBC, the most prominent radio channels in Israel are Kan Bet, Kan 88 and Kan Gimel. Kan Bet broadcasts mostly news and current affairs programs, commanding some 20% of the audience in the past two years. The other two channels are music-focused radios. Overall, IPBC's eight radio stations has a combined listenership of 35.6% in 2018.

Known by its acronym Galatz, the second public broadcasting service is run by the Israeli military. Although they represent a state-sponsored institution, Galatz maintains a tradition of high quality, liberal pluralism and reliable broadcasts. GLGLZ, one of its stations, broadcasts music and traffic reports. It had an audience of 33.6% in 2018. GLZ, the news and current affairs broadcaster, had an audience share of 20.8% that year.

The commercial regional radio stations are operated under the Second Authority regulatory body. Regional radio stations seem to reflect the urban setting they broadcast from as well as the local culture and the most relevant topics to the region they address.[22] Nevertheless, regional radio stations are struggling financially as advertisers seek rather large nationwide radio channels than local ones to air their commercials.[23] Commercial radio stations offer mixed programming combining entertainment, current affairs talk-shows, music, sports programs and political shows as well as a slew of various niche programs. The regional commercial stations have a combined listenership of 31.6%.

[21] Interview with Nati Tuker, cit.

[22] Interview with Nati Tuker, cit.

[23] Interview with Nati Tuker, cit.

Who's listening?

Most prominent radio stations in Israel, by audience share (%), 2015-2018

| Station | 2015 | 2016 | 2017 | 2018 | Operator | Ownership/control |
|---------------------------|------|------|------|------|---|--|
| Radio groups | | | | | | |
| Kan Kol Israel | 37.7 | 36.8 | 37.4 | 35.6 | IPBC | Government |
| Galatz | 44.9 | 45.5 | 44.1 | 42.6 | Israel Defense Forces (IDF) | Military |
| Regional commercial radio | 34.8 | 34.1 | 31.8 | 31.6 | The Second Authority for Television and Radio | Government |
| Individual stations | | | | | | |
| GLGLZ* | 34.9 | 35.4 | 34.1 | 33.6 | Israel Defense Forces (IDF) | Military |
| GLZ | 23.8 | 24.0 | 23.4 | 20.8 | Israel Defense Forces (IDF) | Military |
| Kan Bet | 23.3 | 22.9 | 21.6 | 19.8 | IPBC | Government |
| Kan Gimel* | 14.1 | 15.8 | 15.8 | 13.7 | Government [Israel Broadcasting corporation] | Government |
| Kan 88* | 7.3 | 7.3 | 8.0 | 9.1 | Government [Israel Broadcasting corporation] | Government |
| 103 FM | 7.7 | 9.6 | 9.9 | 8.6 | Mirkaei Tikshoret | Eli Azur |
| 102 FM (Tel Aviv Radio) | 3.9 | 3.4 | 3.2 | 3.2 | Ba Tzi 77 | Yossef Saban, Zvi Shalom, Anat and Michael Halevi, Danny Nishlis and Dan Arnon |
| 101 FM (Jerusalem Radio) | 2.2 | 2.9 | 3.2 | 2.5 | David Astenglob | David Estenjalob |
| 107.5 FM (Haifa Radio) | 2.9 | 3.0 | 3.1 | 2.1 | | Anat and Michael Halevi, Danny Nishlis and Dan Arnon |

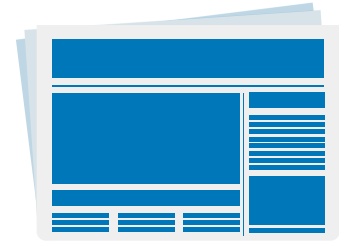
Note: the data refers to average mid-week listenership daily rate in the country;

*music-focused

Source: TGI Kantar Media

Print Media

The publishing tradition of historical Jewish press in Europe and in Mandatory Palestine eventually diffused to the young Israeli state with dozens of publications and newspapers. Historically, the political realities in the country, and the specificities of the Middle East region, created a culture of urgency and crisis that pushes people to intensively consume news and current affairs and try to be as politically informed as possible.



The global downfall of print media, as a result of the technological advances, did not spare Israel. Since 2016, readership of print media declined by 13.3%. Today, most of the newspapers in Israel suffer significant budget deficits and have a declining ability to maintain high standards in journalism.

The dominant newspapers that have so far survived these challenges are all nationwide publications, publishing either on weekdays or weekends. The news print media market is dominated by five daily newspapers, seven weekend newspapers and three financial newspapers.

Israel Hayom, a free-of-charge daily newspaper, penetrated the Israeli market in 2007 and aggressively managed to conquer the charts with the highest circulation figures in the country. To attract a larger readership, the paper exhibits a light and concise writing style in colloquial Hebrew, which deals with a variety of topics ranging from current affairs and economics to culture, sports and gossip. Founded and exclusively owned by American-Jewish tycoon Sheldon Adelson, Israel Hayom (meaning "Israel Today") never concealed its right-wing inclinations. However, it slowly became crystal clear that the paper has been actually serving Likud's PM Netanyahu, especially his election campaign in 2009.[24] In 2013 the investigative journalism program The Source, produced by Raviv Druker, a leading critical journalist, revealed the depth of the relationship between Adelson and Netanyahu.[25] The program showed how far the editor-in-chief of Israel Hayom would go to attack critics of Netanyahu and his family. The booming success of this populist newspaper and the ongoing right-wing radicalization processes of the Israeli public (alongside recurrent re-elections of PM Netanyahu), could be sociologically interpreted as highly correlated.

Yedioth Ahronoth Group is a media powerhouse that encompasses magazines, newspapers, news portals and lifestyle websites, publishers and printing houses. Calcalist, its financial publication, is the most read financial newspaper, partly thanks to the Yedioth Ahronoth's circulation volume. Yedioth Ahronoth newspaper, the flagship asset of the group, was first published in 1939. Until Israel Hayom launch, in 2007, it enjoyed the highest exposure rates and influence in the country. The newspaper's publisher, Arnon (Noni) Mozes, a third generation to the newspaper private ownership, is a controversial figure for his allegedly corrupt journalistic

[24] Oren Persico, "אצל אביגדור בחצר" (At Avigdor's yard), The Seventh Eye, 10 February 2009, available online (in Hebrew) at <https://www.the7eye.org.il/27356> (accessed on 29 October 2019).

[25] The Source on Channel 10, 4 February 2013. See also: David Avraham, "תחקיר המקור: כך עובדת השיטה של ישראל היום" ("The Source" investigation: This is how Israel Hayom's system works), Walla, 5 February 2013, available online (in Hebrew) at <https://b.walla.co.il/item/2613762> (accessed on 28 October 2019).

norms. His involvement in Case 2000 bribe allegations with Prime Minister Netanyahu is now under court investigation.[26]

Haaretz newspaper, part of the Shoken group, is comparable to the elite print publications in Western countries (such as the American New York Times or the French Le Monde). Founded in 1919, it is the oldest operating newspaper in Israel. It is printed on large pages with minute scrutiny to serious analysis of newsworthy topics. The newspaper is known for its left-leaning and liberal positions on domestic and foreign issues. Together with The Marker, its liberal and progressive financial offshoot, the two newspapers are perceived to set the journalistic agenda in the country.

Maariv newspaper had gone through many upheavals through the years. Its inception in 1948 by Azriel Karlibach and a group of retired Yedioth Ahronoth journalists, had followed a chain of market “rescues”: starting with its salvage, after a first downfall in the late 1980s, by the media tycoon Robert Maxwell and his Mirror Holdings, to be followed later by the millionaire Ofer Nimrodi (who got involved in criminal cases in wiretapping and industrial espionage in the media market), and eventually by Eli Azur (owner of Jerusalem Post Group). Nevertheless, Maariv remained a key player in the Israeli media landscape. During the 1990s Maariv enjoyed rather high popularity keeping close pace with Yedioth Ahronoth. Its second downfall began in the early 2000s when it was faced with financial hardships and popularity erosion that was about to peak upon launching the new freebie Israel Hayom.[27] Since 2014 the newspaper has been in the hands of Eli Azur, owner of several media assets ranging from radio stations to a sport agency. Azur publishes Maariv Haboker as a free-of-charge paper and the weekly Sofshavua.

[26] Michael Bachner, “Case 2000 said reopened over new evidence; PM to be questioned again,” The Times of Israel, 17 May 2018, accessible online at <https://www.timesofisrael.com/case-2000-said-reopened-over-new-evidence-pm-to-be-questioned-again/> (accessed on 24 October 2019).

[27] Yael Walzer, “נתניהו פותח כל בוקר בטלפון לאדלסון בדאגה” (Netanyahu worriedly opens each morning with a phone call to Adelson), The Marker, 15 July 2007, available online (in Hebrew) at <https://www.themarker.com/advertising/1.450788> (accessed on 29 October 2019)

Readership preferences

Most popular daily newspapers in Israel, 2018

| Publication | Director | Editor-in-chief | Circulation | Midweek Exposure Rate 2018 | Publisher | Ownership |
|-----------------------------|------------------|------------------------------------|-------------|----------------------------------|-------------------------|--|
| Israel Hayom* | Amir Finkelstein | Boaz Bismuth | 275,000** | 29.0 | Miriam Adelson | Media LLC Israeli (100%) |
| Yedioth Ahronoth | None*** | Neta Livne | n/a | 25.7 | Yedioth Ahronoth Group | Mozes Family (85.8%), Baron-Fishman Communications (14.2%) |
| Maariv Haboker* | Tzachi Shoaka | Golan Bar Yosef | 130,000e | 4.1 | Jerusalem Post Group | Eli Azur |
| Haaretz | Rami Guez | Aluf Ben | 110,000 | 4.7 | Haaretz Group | Schocken Family (60%), M. DuMont Schauberg (20%), Leonid Nevzlin (20%) |
| Maariv Hashavua | - | Doron Cohen & Golan Bar Yosef Eds. | 150,000e | 3.0 | Jerusalem Post Group | Eli Azur |
| Financial newspapers | | | | | | |
| Calcalist | - | Yoel Esteron | n/a | 9.9 | Yedioth Ahronoth Group | Mozes Family (85.8%), Baron-Fishman Communications (14.2%) |
| The Marker | - | Guy Rolnik & Sami Peretz | n/a | 5.0 | Haaretz Group | Schocken Family (60%), M. DuMont Schauberg (20%), Leonid Nevzlin (20%) |
| Globes | Alona Bar-On | Naama Sikuler | n/a | 4.8 | Globes Publisher Itonut | Monitin Group: Alona Bar-On (50%), Anat Agmon (50%) |

Note: all the newspapers in the table have nationwide coverage;

*distributed free-of-charge;

**according to Israel Hayom own data for weekdays;

***Mozes didn't appoint a director to the newspaper, dispersing management responsibilities among VPs;

e: estimate from The Marker;

n/a: not available

Source: CMDS research with data from Kantar Media TGI 2018 (for exposure rate)

Online News

With 82% of the Israeli population connected to the internet and a dramatic annual increase in internet users since January 2018, there is a growing need and desire for consuming content through digital media. News portals, social media sites and content sharing sites including Facebook, Google and YouTube, text messaging apps like WhatsApp, Video-on-Demand (VOD) platforms, torrent download sites, and software such as Popcorn Time and Kodi are growing in popularity. Working around the clock, “all things digital” are available through countless devices at home or on the go.



This decentralized feature of the internet provides a much higher exposure to content distributed through digital platforms, which consequently attract increasing ad revenues. Nevertheless, along with advertisers, politicians use the power embedded in digital platforms: virtual masses are converted into consumers of ideas and sentiments and provide a fertile ground for political influence and manipulation.

Most news portals in Israel show growing weekly exposure, but media groups tend to dominate the segment. The ten most popular news portals are all offshoots of larger media outlets, be they leading Israeli newspapers (such as Ynet and Haaretz sites) or commercial television channels (such as Mako of Keshet 12 and Reshet-TV of Reshet 13). Walla!News is the only unicorn that started as an autonomous website and was subsequently bought by Bezeq, an Israeli telecommunications giant that controls along with other telecommunication infrastructures the Israeli landline market. Bezeq also owns Yes TV, the sole direct broadcast satellite television provider in Israel.

Online pastimes

Most popular news sites in Israel, by exposure rate, 2018-2019

| Website | Weekly exposure rate | | Number of users (in ,000) | | Operating company | Owner |
|---------------------|----------------------|---------|---------------------------|---------|------------------------|---|
| | H2 2018 | H1 2019 | H2 2018 | H1 2019 | | |
| Ynet | 43.5% | 46.1% | 1,929 | 2,044 | Yedioth Ahronoth Group | Mozes Family (85.8%), Baron-Fishman Communications (14.2%) |
| Walla! | 36.6% | 32.4% | 1,624 | 1,438 | Bezek Group | B communications (Searchlight Capital Partners 60%, Forrer Family 40%) |
| Mako | 16.2% | 16.3% | 717 | 725 | Keshet Media Group | Wertheim family (51%), Tshuva family (20%), Lemelbaum family (15.3%), William Nagel (7.7%), Alex Giladi (5.9%) |
| Israel Hayom | 9.8% | 11.5% | 436 | 508 | Media LLC Israeli | Miriam Adelson |
| Reshet13 | 8.0% | 9.0% | 656 | 401 | Reshet 13 | RGE (68%) (controlled by Len Blavatnik 52%, Udi Recanati 9%, Nadav Topolski 7%), Udi Angel (16%), Strauss-Elite (5%), Endemol (11%) |
| Globes | 7.7% | 8.0% | 640 | 356 | Monitin Group | Alona Bar-On (50%), Anat Agmon (50%) |
| The Marker | 7.4% | 7.2% | 328 | 321 | Haaretz Group | Schocken Family (60%), M. DuMont Schauberg (20%), Leonid Nevzlin (20%) |
| Calcalist | 6.1% | 6.6% | 272 | 292 | Yedioth Ahronoth Group | Mozes Family (85.8%), Baron-Fishman Communications (14.2%) |
| Haaretz | 5.6% | 5.9% | 247 | 259 | Haaretz Group | Schocken Family (60%), M. DuMont Schauberg (20%), Leonid Nevzlin (20%) |
| Maariv | 4.5% | 4.9% | 199 | 216 | Jerusalem Post Group | Eli Azur |

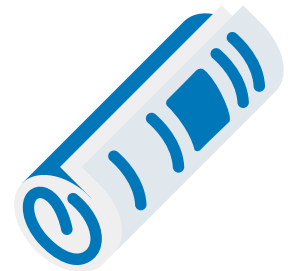
Note: weekly exposure to news portals (H2: second half of 2018, H1: first half of 2019).

Source: Courtesy of Kantar Media Israel and Ifat Media Analysis

Local Media

The Israeli local media market seems at first glance to be a vibrant and diverse public sphere, with dozens of media outlets satisfactorily covering cities and regions. Yet, looked up-close, this is not entirely the case.

First, local television broadcasting hardly exists. There is some community footage and programs on cable television that fill the local vacuum only partially, but this is unrecognized by the Israeli Government Press Office (GPO).[28]



Second, local print media passed their golden age of the 1990s when they used to be influential, inquisitive, able to drive the agenda and pioneering provocative and controversial coverage of topics of local and even national relevance.[29] Since the early 2000s, local print media have been losing the journalistic momentum, becoming a center of dispute between those who think they still bear significance to local communities and those who see these publications as nothing else than advertising brochures. Some contend that the local print newspapers are actually extinct.[30] According to other experts, the fact that these publications are being handed out free-of-charge in distribution points, pigeonholes or attached to nationwide publications does not mean that they are insignificant.[31]

Although a multitude of different publications is circulated in each town, the main local magazines are affiliated with big media networks like Yedioth Ahronoth, Maariv or the Shoken group (Haaretz).[32] Usually they are attached to and distributed with their nationwide “parent” publications, within the weekend edition. The Yedioth Ahronoth group runs a network of 27 local magazines (covering most of the country) from which Yedioth Jerusalem and Yedioth Negev are the only ones sold at newsstands[33], with the rest being freebies. Maariv runs the production and distribution of four freebies[34], and the Shoken group (Haaretz) publishes seven major publications in 14 local versions and distributes them for free through various sales points.[35]

[28] GPO operates on behalf of the Prime Minister’s Office. Its responsibilities include facilitating appropriate media coverage of key factors in Israel and issuing press cards for permanently stationed and visiting journalists and other media personnel (see more details in the *Government and Regulation chapter of Media Influence Matrix: Israel*). On the community broadcasts one can watch end-of-year parties of the city high-schools or new cultural productions in the city’s community center, for example. (Interview of the author with Orna Adelberg Kasher, Head of Hebrew language media department at GPO, 28 November 2019.)

[29] Arie Kizel, “תמורות בתקשורת המקומית בישראל” (Dynamics of Local media in Israel), 6 April 2011, available online at <http://web.archive.org/web/20130622050144/http://www.akizel.net/2011/04/blog-post.html> (accessed on 1 December 2019).

[30] Interview with Nati Tuker, cit.

[31] Interview with Nati Tuker cit.; See exchanges at the closing panel of the Local Media Conference in Jerusalem, 26 April 2018, organized by GPO. The Panel was recorded and is available online at:

<https://www.facebook.com/GovernmentPressOffice/videos/2030748500287380/> (accessed on 15 April 2020).

[32] Other ownership models for the local press are either independently owned newspapers (like the Russian Negev Info), or papers that are part of a local publishing network (such as the Local network and portal, www.local.co.il).

[33] Sale price: ILS 5.70 (Negev), ILS 6.80 (Jerusalem), alongside free distribution among the nationwide newspapers’ subscribers (according to location).

[34] Distributed to residents’ post boxes, and in public places within: Tel Aviv, Givatayim and Ramat-gan, Petah-Tikva and Be’er-Sheva.

[35] Interview with Orna Adelberg Kasher, cit.

version. The former is produced by the paper's journalists and use the newspaper's headlines, but constantly updates and shares online interactive content with the readers; 3) A digital platform that is published independently without a link to any printed version.[41]

The digital media that is focused on local issues, like the local print media, are economically driven. They are targeting for revenue some local shopkeepers, insurance agents, mechanics, restaurateurs and other small to medium-sized advertisers, for whom the cost of a national newspaper ad is unaffordable (and that do not need national exposure anyways).[42]

Fourth, local communities are also served by 16 commercial regional (and sectorial) radio stations that are run by private owners, and have been in operation since the mid-1990s. They are regulated by the Second Authority for Television and Radio.[43] While these radio stations claim to have solid and loyal local listenership in certain geographic regions, their ad revenues are insignificant, forcing them to rely on large nationwide ad campaigns.[44] They are notoriously susceptible to intrigues and corruption due to too close relations between local political figures and the stations' owners.[45] The late Danny Nishlis, owner of Radio Haifa, was also a member of Haifa's city council and his family members were connected professionally to Haifa's municipality.[46] David Ben Basat, owner of two radio stations (with three frequencies, one of which is used to reach Russian listeners), is also well connected politically and gives disproportionate exposure to politicians on his radio channels. It is also known that some of the municipalities give radio stations various privileges such as discounts on taxes and other procedural benefits.[47]

Finally, local media in Israel have been characterized by two simultaneous processes: a continuous increase in the number of media channels and platforms in parallel with a decrease of the number of owners controlling these channels. Consequently, numerous friction points arise around political and financial interests. Both processes have profound implications for media diversity and pluralism.[48] Another common problem faced by all local media in Israel including print, online and radio is the decline in production of local content (which is the *raison d'être* of these media in the first place). Financial hardships and manpower cuts make these media dependent on content produced in the main offices of their media networks, which are usually based in Tel Aviv, and syndicated to all regional media, a process which leads to a significant decline of local news output.[49]

[41] Manosevitch and Lev-On *ibid*.

[42] Karmit Sapir Witz, "כאן גרים בכיף" (Here live happily), *The Seventh Eye*, 1 January 2008, available (in Hebrew) at <http://web.archive.org/web/20120122015424/http://www.the7eye.org.il/articles/pages/article7015.aspx> (accessed on 20 November 2019).

[43] A total of 12 regional stations broadcast to geographically designated audiences; three sectorial stations broadcast to religious, orthodox and Arabic audiences; one station broadcasts to Judea and Samaria region.

[44] Interview with Nati Tuker, *cit*.

[45] Interview with Nati Tuker, *cit*.

[46] Danny Nishlis passed away in November 2019.

[47] Interview with Nati Tuker, *cit*.

[48] Manosevitch I. and Lev-On A., *Local Media in Israel* (in Hebrew), *Media Frames*, Vol. 12 (p. 1-28).

[49] Arie Kizel, "תמורות בתקשורת המקומית בישראל" (Dynamics of Local media in Israel), 6 April 2011, available online at <http://web.archive.org/web/20130622050144/http://www.akizel.net/2011/04/blog-post.html> (accessed on 1 December 2019).

Funding Trends

Television

Television in Israel continues to be funded primarily by advertising, its business model drawing almost entirely on ad sales. As of 2019, commercial television in Israel has been confronted with great challenges that are likely to continue in the near future. The merger of Channel 10 and the Reshet franchise in late 2018, which shrank the commercial television sector from three to two large players, made economic sense, allowing television channels to improve their business by pulling in more ad revenue. On the other hand, the entry of over-the-top media streaming services such as the American-owned Netflix and Amazon Prime, which are aggressively marketed by Partner and Cellcom TV, Israel's largest telecommunications companies, is expected to harm the ratings of commercial channels. Partner TV, for example, is planning to introduce a targeted advertising system for its clients, which is likely to take away some of the ad revenue from commercial television channels.

These shifts, largely triggered by the technological changes, are eroding the traditional business model for television, which is about to resemble more the business dynamic of digital media.[50] Advertisers, who already use techniques and technologies to target more accurately their audiences on digital media, will most likely strive to switch to a similar model on television. Israeli television is thus expected sooner or later to embrace "programmatic advertising." [51] Until then, it will try to diversify its sources of revenues, adopting result-driven models of payment [52], or enter into media partnerships with potential clients.[53]

The year 2018 was a year of reckoning when pessimistic forecasts about media proved right: the Israeli advertising market cannot sustain three broadcast channels, seven days a week. Thus, the attempt to divide the broadcast frequency spectrum led to the merger of the two major channels. Following this process, the Keshet franchise stood out in 2018 with a 30% increase of its audience share (that obviously led to higher ad income). In contrast, the merged Channel 10 and Reshet franchise had a difficult 2018: Channel 10 lost about a third of its market share; Reshet's audience also shrank. Notwithstanding these dramatic restructuring processes, the Kan 11 public channel had a rather good year. It doubled the number of sponsorships and the Gross Rating Points (GRP), compared with 2017, thanks in part to the World Cup and the Eurovision Song Contest, events for which it had a monopoly on broadcasting rights. Channel 20 and Channel 9 also showed growth in their GRP that year.

[50] Interview of the author with Talma Biro, CEO of Israeli Marketing association, 11 November 2019

[51] A technology-automated and data-driven method of buying and delivering ads against television content. This includes digital television ads served across the web, mobile devices, and connected TVs, as well as linear television ads served across set-top boxes. See more at <https://www.thinkwithgoogle.com/marketing-resources/programmatic/evolution-of-tv-programmatic-tv/> (accessed on 15 April 2020).

[52] A model that includes extra fees for successful campaigns that television broadcasters collect from advertising companies, based on a priori fixed criteria: Racheli Bindman, "קשת רוצה נתח מהכנסות המפרסמים" (Reshet wants a share of the advertisers revenues), Calcalist, 28, January 2019, available online at <https://www.calcalist.co.il/marketing/articles/0,7340,L-3755097,00.html> (in Hebrew) (accessed on 2 November 2019).

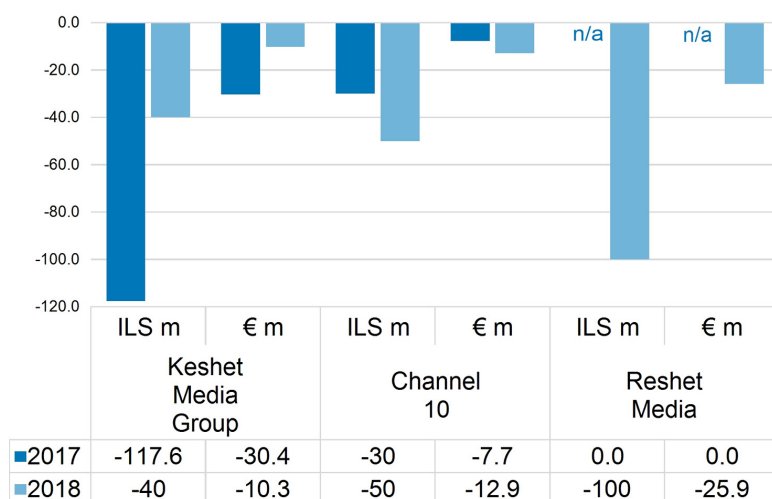
[53] Such partnerships materialize when a broadcaster partners with an advertising company or even with a commercial company in another market (be it food, cosmetics or pharmaceuticals). The CEO of the Israeli marketing association, Talma Biro, stressed that such forms of partnership are rather remote option in the Israeli media market, but worth keeping in mind the potential such models have.

The television market in Israel lacks financial transparency. Companies do not release financial data and there is no public registry that would collect and publish this information.

What is known though is that television is not a lucrative sector. The main television channels in the country are loss-incurring companies. In 2018, Keshet Media Group, Channel 10 and Reshet Media incurred losses upwards ILS 190m (€49.1m) combined. That is a strong indication that owners of television companies do not see their media as businesses, but rather as tools to pursue some of their other interests.

The value of the company running Keshet was ILS 90m (€23.3m) in 2018, according to documents related to a lawsuit in which Keshet was involved. The same documents show that Keshet's shareholders consider the company a "reward property," which means an asset whose holder has non-economic benefits, similar to investments in a football team intended solely for entertainment or influence purposes.[54]

Net earnings of main television operators, 2017-2018



n/a: not available

Source: CMDS research based on data from public records

Radio

Like television, radio relies on advertising to cover its operations. In 2018, the total ad revenues generated by the radio sector increased by an impressive 20% year on year, mainly thanks to a solution to a technological problem that had occurred a year earlier at the public radio Kan. In 2017, Kan moved its account from the advertising agency Shapam to Target Spirit, a competitor. During the transition, a malfunction in the public radio information systems prevented Kan to sell ads for nearly two months and a half, leading to a decline of 18% in the overall ad sales.

Radio has a relatively stable business model, anchored in advertising. Because it is an effective medium preferred for promotional and basic advertising at a reasonable cost, radio offers numerous options for advertising and sponsorships broadcasts.

[54] Nati Toker, "סכסוך חריף בקשת חושף: הסכום העצום שהזרימו הבעלים - וכמה היא באמת שווה" (An acute Keshet conflict reveals: the huge amount that the owner has poured in - and how much it is really worth), The Marker, 27 August 2018, available online (in Hebrew) at <https://www.themarker.com/advertising/1.6427219> (accessed on 29 October 2019).

Like television companies, radio operators do not publish data about their economic performance.

Print and Online Media

The year 2018 was a challenging year for the Israeli print media. It saw a double-digit decline in sales of column-inches for major newspapers, journals and local magazines. In a move to generate revenue and cut expenses, newspapers continued to offer bonuses and discounts to advertisers while some of them slashed the number of their pages.

Similar to what is happening in the entire western world, the print media sector in Israel is faced with a massive decline in readership and advertising. That has prompted most of the country's publishers to focus more on the internet as way to recoup some of the losses suffered from print. Nevertheless, 2018 was not a rosy year for the digital platforms run by newspaper publishers. Direct media buying of "display ads" decreased by a similar rate to the decline in print advertising.[55]

Faced with the crisis of their traditional business model and inspired by experiences elsewhere, publishers in Israel have also been experimenting with other forms of monetization, paywalls being one of them. To date, the paywall model has worked best in two cases: high-quality newspapers that feel confident about the added value they create for their readers, and professional journals that are used for people in their work. The newspaper that pioneered paywall in Israel was Haaretz. In mid-2012, it introduced a paywall function on its English website, followed in 2013 by its Hebrew website. In mid-2018, the website of the business newspaper The Marker was also put behind a paywall.

One of the biggest challenges related to paywalls that publishers have been faced with is the need to "educate the market" and convince readers to pay for online content, which has been available for some 20 years free-of-charge. Attitudes to paying for online content differ by age groups. Older people prefer to buy the daily newspaper whereas younger consumers subscribe to the weekend edition. Digital subscribers make the youngest age group. Thus, experts believe that each product of the publishing houses targets different audiences, and that the digital platform is not a perfect replacement for print but complements it in many aspects.

The future of the paywall model remains a controversial topic among professionals. Some of them believe that customers will grow accustomed to paywalls while others contend that, with limited financial resources, the average user will have to choose between multiple paid platforms, which will have a detrimental effect on revenues.

In Israel only three online news media have applied the paywall model to date. Haaretz Group reached in 2020 a high record (for Israeli standards) of 72,000 paying digital subscribers for all three of its digital products: Haaretz in Hebrew, Haaretz in English, and its financial brand The Marker. Lior Kodner, Managing Editor & Chief Digital Officer of Haaretz said that the websites of the Haaretz Group are visited by 11 million to 14 million people a month. Nearly 70% of them are mobile users. Kodner also revealed that, for the first time, in 2019 the revenue from digital

[55] Internet media buying is the purchase of audience-targeted time and advertising space to convey a marketing message online. It is based on negotiating the price and location of digital ads for optimal exposure and results.

subscriptions was higher than digital advertising revenue. One of the benefits of subscription revenue is that it gives the media outlet stability. Yet, Kodner said, digital subscription revenue cannot be yet relied upon to cover the costs related to the entire Haaretz group's operations. If the number reaches 100,000 digital subscribers (including the weekend newspaper), Haaretz will be able survive financially. The transparency of Haaretz's browsing data is highly exceptional in Israel. All its competitors regard such data as a trade secret.

In February 2019, Ynet adopted the paywall model with its premium digital product Ynet Plus, which gives access to extra interviews, reviews, op-eds and articles alongside the free running Ynet website. Paid subscription also gives access to some articles that appeared in the print version of Yedioth Ahronoth.[56]

Yomyom in Eilat (Daily in Eilat) is the first local news site in Israel to establish a paywall based on subscriptions.[57] The new website went live on 6 January 2020. The newspaper's archives and some of the latest site content are accessible upon payment. All the content on the website is to be gradually put behind the paywall. The website is updated on a daily and weekly basis.

Paywalls in Israel

Offering of the three main subscription-based news portals in Israel

| | ILS | € |
|--|------|-----|
| Haaretz | | |
| Digital Haaretz (Hebrew) + The Marker (monthly) | 70 | 18 |
| Digital NYT + Haaretz in English (monthly) | 70 | 18 |
| Ynet | | |
| Ynet Plus (Premium only with selected extra articles) monthly | 15.9 | 4 |
| Ynet + Ynet Plus + digital version of Yedioth Ahronoth (monthly) | 35.9 | 9 |
| Yomyom in Eilat | | |
| Renewable monthly subscription | 25 | 6.5 |
| Renewable yearly subscription | 240 | 62 |

n/a: not available

Source: CMD5 research

In addition to the mainstream media, Israel saw in the past decade the appearance of several new media initiatives, some of them being a reaction to Netanyahu's return to power as Prime Minister for four consecutive terms. Because of Netanyahu's obsession with controlling the media and his bold attempts to influence public opinion,[58] some of these new initiatives looked for alternative funding and distribution models and, above all, thronged to show a deep commitment to the public rather than to publishers, politicians and corporate funders. In the

[56] Yuval Dror, "שום מקום אחר" (There's no other place), The Seventh Eye, 25 February 2019, available (in Hebrew) at <https://www.the7eye.org.il/321072> (accessed on 15 November 2019).

[57] Yomyom in Eilat, "לראשונה בישראל – חומת תשלום לאתר תוכן מקומי" (First time in Israel: Paywall in local media), 25 January 2020. <https://www.yomyom.net/Article.asp?id=42580> in Hebrew (accessed on 15 April 2020).

[58] Nati Toker, "האובססיה שעשויה להפיל את נתניהו" (The obsession that might topple Netanyahu), The Marker, 21 April 2018, available (in Hebrew) at <https://www.themarker.com/advertising/1.5843375> (accessed on 29 November 2019).

poisonous atmosphere created by the links between politics, capital and media, which climaxed in the 2019 indictments against Netanyahu, new journalistic projects popped up.

One of them is **Zman Israel**,^[59] a new digital news website of the Times of Israel group that was co-founded in 2012 by journalist David Horowitz, former editor of the Jerusalem Post, and billionaire Seth Klarman who has an estimated fortune of US\$ 1.5bn. Klarman is an American businessman specializing in investment management and hedge funds. He is considered, alongside Warren Buffett, one of the biggest value investors of our times. The fund he manages has US\$ 31 billion worth of assets. At the launch of The Times of Israel, Klarman declared that he would not interfere with the journalistic policies of the website, and that any profit he would make from the venture would contribute to the citizens of Israel. Politically, Klarman has previously supported Republican Party candidates in the United States, but in 2016 he contributed to Hillary Clinton's campaign while personally criticizing Donald Trump. Later he announced his support for Republican candidates, and in the last election for the U.S. Congress he contributed to Democratic candidates.

The main media venture of the Times of Israel group is the "parent" English-language news website The Times of Israel that is catering to the global Jewish audience. It is published also in Persian, French and Arabic versions. According to SimilarWeb, an analytics company, The Times of Israel has a greater number of visitors than its competitors, Haaretz in English, and the Jerusalem Post.^[60] In media circles it is perceived as a newspaper with journalistic backbone that is not skewed to the interests of politicians or corporations from Israel or abroad. Zman Israel, its Hebrew extension, addresses the general Israeli public. It is the first online newspaper entering the press market in over a decade.^[61] The last time a Hebrew language media outlet with such a strong financial backdrop was launched in Israel was in 2007 when Sheldon Adelson (whose fortune is an estimated US\$ 35bn) founded Israel Hayom. Both Zman Israel and The Times of Israel draw their income from advertising.

Other independent media projects have sprouted in Israel, some with an ethical message that stresses how their funding resources differ from mainstream media. These outlets are rather based on crowdsourcing, voluntary work, institutional international donations, paid memberships, project-based funding, and their own private capital (that comes with transparency around financial resources and their owners' agendas).

The four most influential among the dozens newly emerged media initiatives have a loyal body of followers and are significant in setting clear benchmarks to the quality of Israeli journalism. Most of the alternative media outlets are registered as NGOs and some function as independent newspapers. They have relatively small budgets, staff and digital traffic but manage to produce relevant investigative stories.

The **Seventh Eye** is a leading independent and investigative magazine, and the only one devoted entirely to journalism, media, freedom of speech and transparency. It was founded in 1996 as a journal but was closed and relaunched as a website in 2008. Its staff and contributing writers publish exclusive news, views, analysis and investigative reporting on a daily basis.

[59] Literally translates from Hebrew as "the time of Israel".

[60] Oren Persico, "אתר חדש בזירת העיתונות ברשת" (A new website in the digital news arena), The Seventh Eye, 12 February, 2019, available online (in Hebrew) at <https://www.the7eye.org.il/319417> (accessed on 27 November 2019).

[61] Channel 20 is yet another new player, but in the television market. Channel 20 fostered a pro-Netanyahu, right-wing agenda that supports the ongoing ruling regime, partly as a reaction to the backlash of democratic media streams that began to flow underground. (See more about Channel 20 under Television in Key Players in this report)

As the media market consists mostly of privately owned enterprises that are exempted from disclosing financial or business information, The Seventh Eye plays a significant democratic role in shedding light on these dark corners, covering otherwise ignored firms, interests, media groups, and financial data. According to their legal counsel, Elad Man, The Seventh Eye's sources of funding are always publicly available.[62] Their 2018 income amounted to ILS 790,000 (€205,000), which came mainly from readers' voluntary donations on the website, the New Israeli Fund donation (about a third of their yearly budget), online sales of The Seventh Eye T-shirts and Media Ownership maps, and fees for participation in thematic seminars and conferences organized by the outlet. They also organize seasonal crowdfunding events (i.e. rock concerts) or campaigns.[63] In 2018, they netted ILS 18,718 (€4,860).

The Hottest Place in Hell (reads: *HaMakom*) is an acclaimed award-winning news and op-ed-independent website that focuses on current social topics. It is in the journalistic forefront of issues such as #metoo, police brutality, social inequality, racism and labor rights. Their journalistic coverage relies mainly on women workforce, and they are committed to expose systemic corruption and to amplify marginalized voices of society.

The website was launched in 2013 by journalist Einat Fishbein, after leaving Yedioth Ahronoth, and Irit Dolev, who created and edited television series on Channel 2, and produced the flagship current affairs program on the popular GLZ public radio station (*Ma Bo'Er*). Its business model is based on self-investment from the publishers and crowdsourcing. It manages an annual budget of ILS 1.2m (€310,000). Since its foundation, the site has managed to raise the equivalent of 25% of its annual budget from readers through seasonal campaigns,[64] sales of logo-ed merchandise, [65] and a monthly subscription model. The website collaborates with similar independent websites such as The Seventh Eye and +972.

Local Call (reads: *Sikha Mekomit*) is a Hebrew-language culture, news and commentary site that is run by a team of journalists and photographers. It is an activist left-wing initiative that is committed to democracy, peace, equality, social justice, transparency, freedom of information, and known for its bold resistance against the Occupation. They proclaim reporting without serving any party, political movement or social platform.

It was co-founded in 2014 by three groups: the popular +972 website in English, that has been operated since 2011 by a group of Israeli and Palestinian bloggers and activists; The Just Vision organization, which produces documentary films and media content related to the Israeli-Palestinian conflict; and the ActiveStills Collective, a group of press photographers, documenting happenings and life stories in Israel and the Palestinian Authority.

The website is trying to build a business model based on a variety of financial sources.[66] Thus, in 2018 the whole operation was running on a budget of ILS 1.97m (€510,970), coming from

[62] Interview with Adv. Elad Man, Chair and legal counsel of The Seventh Eye, and legal counsel of Hatzlaha (Movement for a promotion of a fair society), 9 January 2020.

[63] Li-or Averbach, "אתר העין השביעית גייס 170,000 שקל להמשך פעילותו" (The Seventh Eye mobilized 170,000 ILS, to promise continuation of its activity), *Globes*, 28 April 2015, available (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001031260> (accessed on 2 October 2019)

[64] In 2017 a successful crowdfunding campaign had managed to raise more than ILS 250,000 (€65,000). See: Alexander Katz, "מעל רבע מיליון שקל: גיוס ההמונים הלווה של שפור" (Over a quarter of million ILS), *Ice*, 29 August 2017, available online (in Hebrew) at <https://web.archive.org/web/20181023090912/http://www.ice.co.il/media/news/article/594660> (accessed on 28 November 2019).

[65] The Hottest Place in Hell e-shop offers shirts, bags and air fresheners.

[66] Nati Tuker, "הזדמנות לשנות: התקשורת עוינת אבל נמשך לשלם עליה" (Opportunity to change: The media is hostile but we'll keep paying for it), *The Marker*, 11 October 2017, available online (in Hebrew) at <https://www.themarker.com/advertising/1.4510837> (accessed on 30 November 2019).

crowdfunding (ILS 732,000), advertisements (ILS 3,400) and donations (1,971,000).[67] Their 2018 yearly profit was ILS 34,735 (€8,182). Local Call and +972 seem to have the highest volume of donations among all the Israeli independent websites.[68]

Transparent (reads: *Shakuf*) presents itself as a public-owned journalistic body, the first media project in Israel that is wholly and directly owned by the public, and acts upon its direction. Shakuf was established by journalist Tomer Avital and works to promote transparency and reduce corruption among lawmakers and in Israel's executive bodies. The project is focused on conducting investigations and activating private investigators to promote transparency and reveal hidden interests and financial connections. The project publishes information about the Knesset members from all over the political spectrum.

Shakuf is a merger between the 100 Days of Transparency and the Investigations Fund, which operated as separate entities until 2018. Upon completion of the merger, Shakuf became a media outlet that operates based on the full economic support of its proponents, and on an editorial policy model where their supporters vote for the topics to be investigated. It doesn't take ad revenues or government money. All its funding comes entirely from individuals whose contributions cannot exceed ILS 1,000 (€250), a limit that is aimed to prevent dependency on one funder. The constant supporters (with whatever monthly funding sum) are considered Shakuf's publishers. They are the ones who determine the topics for investigation and areas of coverage. Shakuf has some 1,600 financial supporters a month who transfer monthly, via direct debit, a total of ILS 62,832 (€16,300) combined.[69] In 2018, it had a budget of ILS 519,478 (€134,000) and losses of ILS 43,294 (€11,228).[70]

INFLUENTIAL NEWS MEDIA

The most influential news media in Israel is television. Keshet 12, the leading television channel, is perceived as one of the few stable public opinion leaders in the market. Its primetime programming has a clear advantage over the other broadcasting channels. As of 1 January 2019, the Keshet 12 group fully owns the channel's News Company (*HaHadaShot 12*) brand, which enjoys the highest exposure in the country.[71] Its flagship evening news edition (among other current affairs and news production) has 455,000 viewers daily (from the general population). It is a very influential outlet among decision-makers, politicians and the general public.[72]

Much of the investigation in the criminal cases against PM Netanyahu (and his interventions in the media) was documented and reported in this news program, mainly by Guy Peleg, an acclaimed investigative journalist. Netanyahu, who for years has a love-hate relationship with the

[67] All financial data is to be found on the GuideStar Ministry of finance website (in Hebrew):

<https://www.guidestar.org.il/organization/580546307/finances>

[68] Most of the websites' donations come from organizations from abroad. They include OSF (ILS 303,600), Rockefeller Fund (ILS 245,000) and Fund for Peace in the Middle East (ILS 69,400) among others. These contributions account for some 90% of their budget.

[69] Nir Ben Zvi, Shakuf's president spoke at a roundtable discussion at the First Independent Journalism conference, organized by The Seventh Eye, on 30 November 2018.

[70] See more at <https://www.guidestar.org.il/organization/580489540/finances> (in Hebrew).

[71] Formerly jointly owned by Reshet and Keshet groups, before Reshet merged with Channel 10.

[72] TOI Staff, The Times of Israel, 1 September 2019, available online at <https://www.timesofisrael.com/netanyahu-accuses-channel-12-owners-of-terror-attack-against-democracy/> (accessed on 12 November 2019).

media, but also developed a year-long antipathy towards Keshet had called on people to boycott the channel and criticized its managers. Netanyahu recently labeled Peleg's reports as "fake news".[73]

News 12 has a digital presence in two formats: in the news section of the third most popular Mako portal (16.3% exposure in the first half of 2019), which is a general content website of the Keshet 12 group; and in a dedicated News 12 app. Lately, after finally establishing its position as the top news company on television, News 12 set up a new goal, which is to become the leading news company in digital as well. For this purpose, it has plans to convert its old app into a new website called N12, which is set to become a significant digital platform that would effectively compete with Ynet, the largest news portal in Israel today.[74]

Another notable influential news media actor is in the process of becoming a rating disaster. In January 2019, the defunct Channel 10 and Reshet owners (the old partner of Keshet in the News Company) were merged into Reshet 13. Channel 10, considered to have significant expertise in current affairs and known for being critical and oppositional, said farewell to its viewers and merged into a rebranded news company, News 13. During the first days after the merger, the evening newscast was losing in the rating charts to Keshet 12, albeit in minor steps. But in the following five months, the gaps have grown significantly until its ratings almost matched those of Kan 11, the less popular public outlet. Time will tell if News 13 will meet the complex challenge of maintaining its identity as a biting and critical news company alongside achievements in the viewing tables. Failure to achieve these targets will be a pricey failure for the Israeli public as well.

Kan News is the name of the news division of the IPBC. The division was formed to provide news content to the digital platform, the television and radio stations of the public corporation. In its television segment, although the evening newscast grapples with low ratings (4%), IPBC's executives insist that online news content receives much higher traffic. Indeed, the number of subscribers to the Kan News (on YouTube) exceeds 229,000 and the number of Facebook subscribers is close to 327,680, figures close to those of the evening edition of the commercial News 13.[75]

Kan, a newly born corporation, focuses on branding itself as a dynamic high-quality video broadcaster, and is in search of better impact measurement systems. The occasional warm acceptance of its productions by media critics brings about improved performance and increase in online subscribers, alerting the commercial channels with high ratings that fear such audience losses can lead to a decline in their ad revenue.[76]

[73] David Wertheim, Globes, "הקריאה הנואשת של נתניהו להחרים את קשת 12 חושפת את חולשתו" (Netanyahu's desperate call for boycotting Keshet 12 reveals his weakness) 1 September 2019, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001299017> (accessed on 16 April 2020).

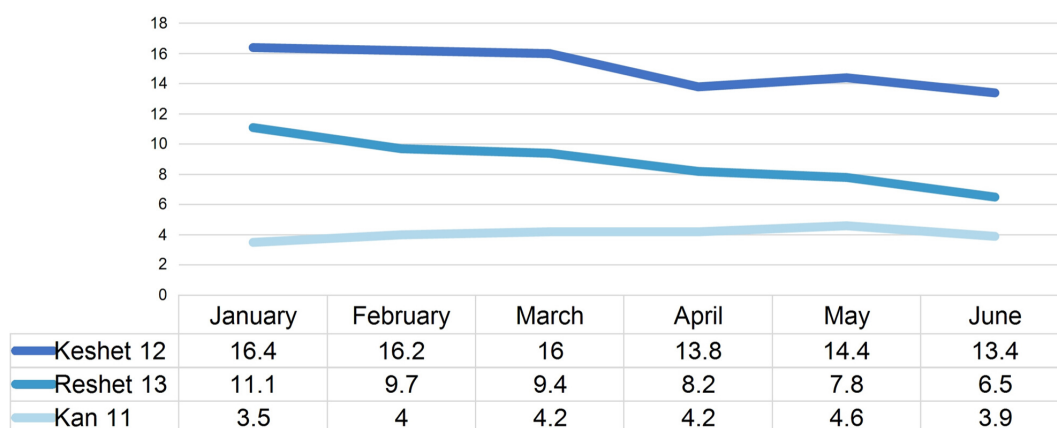
[74] Anat Bein-Leibovitz, "ראש בראש עם ווינט: חדשות 12 משיקות אתר חדש" (Face to face with Ynet: News 12 is launching a new website), Globes, 16 January 2020, available (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001315045> (accessed on 16 January 2020).

[75] Einat Shahak, "ערוץ היוטיוב של כאן - הנצפה ביותר ב-2019" (Kan Youtube channel – most viewed in 2019), ICE, 10 December, 2019, available (in Hebrew) at <http://www.ice.co.il/hotnews/news/article/772953> (accessed on 16 January 2020).

[76] Shani Litman, "כך נהפך השידור הציבורי לדבר הכי חם בטלוויזיה" (That's how public broadcasting became the hottest thing on television), Haaretz, 26 December 2018, available (in Hebrew) at <https://www.haaretz.co.il/gallery/television/.premium-MAGAZINE-1.6783148> (accessed on 16 January 2020).

The news rating war

Rating of the leading newscasts in Israel, Jan-Jun 2019



Rating sample: % of total population.

Source: The Rating Committee.[77]

On radio, IPBC performs much better in ratings than its competitors. According to data from the latest TGI survey, released in July 2019, altogether, IPBC's eight radio stations listenership rating adds up to 35.6%. IPBC's flagship news station Kan Bet received around 20% exposure in the last two years. It is the only station out of the eight that is produced under the news division. The rest of them are managed by the radio division. Kan Bet station broadcasts nationwide news and current affairs programs, which are very influential and listened in the Jerusalem circles among policy makers, Knesset politicians, and interested public. It is perceived as a reliable and high quality broadcaster.

Other influential radio stations are the public, military-controlled, stations GLZ and Glgz, which are unique platforms for the following reasons: on the one hand, they represent a state-sponsored organization while on the other hand they maintain a tradition of high quality, pluralistic and reliable broadcasting, enjoying high popularity across all age groups. Glgz broadcasts music and traffic reports while GLZ is focused on news, culture, education, politics and current affairs. The combined listenership of the two stations reaches 42.6%. They share a news bulletin broadcast every hour.

One of the unique features of the military stations is their way of integrating regular service soldiers in content production in different roles, like narrators, reporters, editors, anchormen and more. IDF civil employees, who are respected and skilled journalists, are part of the professional staff. This combination has made the stations a "greenhouse" for journalists and media professionals who are integrated into civilian media and make successful careers. Several veteran journalists of the station have launched their own political careers. They include Merav Michaeli (Labor party), Nitzan Horowitz (Meretz party), former station commander Nachman Shai (Kadima and Labor parties), and Shelly Yechimovitch (Labor).

In the print media, the two largest publishers, Israel Hayom and Yedioth Ahronoth are said to exert huge influence in politics, on public perceptions of democracy, and in the media market. The extent of their influence requires deeper investigation. Israel Hayom freebie used to be very

[77] Itay Stern, "6.5 אחוזי רייטינג: מה הביא לקריסת חדשות 13?" (6.5% Rating: What Caused News 13 Crash?), Haaretz, 25 June 2019, available (in Hebrew) at <https://www.haaretz.co.il/gallery/media/premium-1.7409308> (accessed on 7 November, 2019).

influential mainly thanks to its high circulation numbers and its reputation as a right-wing agenda promoter in the hands of the billionaires Miriam and Sheldon Adelson. Being the most popular tabloid in the country (29.4% of the public between July 2018 and June 2019) along with the bold support of the Netanyahu regime, based on the personal friendship of the Adelsons with the PM and his wife, Israel Hayom was a first-class influencer on public opinion, yet in a somewhat troubling manner. The friendship between the publisher's patrons, the Adelson couple, and PM Netanyahu and his wife, had cooled down following the leaked quid pro quo deal between Netanyahu and Yedioth Ahronoth publisher Noni Mozes, to legally weaken Israel Hayom in return for more favorable coverage.

Yedioth Ahronoth group, a media conglomerate, is also a very powerful player in the Israeli press, dominating the readership charts for decades, until Israel Hayom penetrated the market (25.3% exposure between July 2018 to June 2019). Together with its popular news portal Ynet, Yedioth Ahronoth is a public opinion influencer with an irreplaceable reputation and technical capabilities of packing news in an attractive and digestible way. Nevertheless, the obsession of its publisher Noni Mozes to curb the sharp decline in revenue by fighting competition from other outlets or improving incomes through endorsing economic and political support pushed him to extreme forms of interference in the editorial work of his media. He thus nurtured an ethical environment in which hidden advertising and flattering content flourished, aimed to please large advertisers and powerful tycoons.[78] On top of that, in November 2019, the Attorney General Avichai Mandelblit announced charges against Mozes due to his involvement, with Netanyahu, in a corruption deal.

Haaretz Newspaper and website (available to subscribers) is not on the influential media list because it lacks high circulation numbers. Yet, as a rather small operation (4.3% exposure rate, some 110,000 subscribers), Haaretz reaches out to many more people than what its circulation indicates. It is a declared left-wing agenda promoting newspaper whose op-eds, columns, reviews and articles are consumed by many politicians, academics, writers, and people in the Israeli cultural field. Traditionally it comes out in a broadsheet format and cooperates with the New York Times, being its exclusive distributor in the country. Haaretz enjoys the reputation of an intellectual, investigative, trusted news producer. It is proud of being an original, liberal voice, that shapes and promotes an independent public agenda based on values of respect for human and civil rights, cultural breadth, aspiration for peace, separation of state from religion and resistance to religious coercion.[79]

An influential online news media outlet (other than the websites of the largest newspapers discussed above), is Walla!News, the second most visited news portal in Israel (32.4%) after Ynet (46%), according to figures for the first half of 2019. Walla!News is remembered for its role in the criminal case 4000. At the center of this case is the suspicion that Netanyahu made important regulatory decisions in favor of the Bezeq Group in exchange for promises by Shaul Elovitch, the former controlling shareholder of Bezeq and Walla!News, that his media would provide sympathetic and positive coverage of Netanyahu and his family. The decision whether to summon the Bezeq and Walla! corporations to the pretrial hearing in Netanyahu's cases is

[78] Itamar Baz, "השיטה" (The Method), The Seventh Eye, 21 November 2019, available (in Hebrew) at <https://www.the7eye.org.il/351991> (accessed on 22 November 2019).

[79] Amos Schocken, Haaretz celebrates 100: A letter from the publisher Amos Schocken, Haaretz, 19 June 2019, available <https://www.haaretz.com/israel-news/haaretz-celebrates-100-a-letter-from-publisher-amos-schocken-1.7392869> (accessed on 10 November 2019).

expected by mid-2020.[80] Elovitch-controlled media group was held by the main bank creditors until it was sold to cover its debts: In June 2019, a deal worth ILS 485 M (€121M) was signed, under which the Searchlight Foundation and the Forrer Family bought 75% of B Communications', that make 26.3% of Bezeq shares.

Arabic Language News Media

One of the systemic failures stemming from the political situation in Israel is the lack of representation of Arab citizens and Arabic language in the country's mainstream media, as well as a weak representation of Arab media consumption preferences in the regular rating or exposure surveys.[81] A study on media consumption habits of the Arab society conducted between December 2017 and January 2018 by the Government Advertising Bureau (Lapam)[82] revealed that exposure to Israeli media in Hebrew and Arabic alike has decreased in favor of Arabic language media from the Arab World. The only Israeli medium, in fact, that grows steadily consists of websites in Arabic.[83]

The most popular Arab site after the global giants Facebook, Google and YouTube (90% exposure to each of them in Israel) is Panet, with about 50% exposure, the same as in past years, according to Lapam. Panet (abbreviation of Panorama Net) is a news portal in Arabic dedicated exclusively to the Arab population. Bassam Jaber is the owner of Panorama Group, the leading media group in the Arab sector, which includes the Panorama newspaper, the Panet website, the Hala-TV channel and Niswan Women's Portal. Lapam study showed that Panet exposure rate was higher among women and among respondents who live in the central and southern regions of Israel.

Panet is followed by the Hebrew Ynet website with a 23% exposure rate and the Arab website Bukra with a 17% exposure rate. The audience of Bukra tends to be highly educated. In print, the Arab population goes for Hebrew-language newspapers. Yedioth Ahronoth led with about 22% exposure over the Arabic language Panorama (19%) and Kul Al Arab (16%). Only 12% of the respondents in the CBS survey were exposed to Israel Hayom, which, however, received among the general Arab public the same or even higher exposure rates than Yedioth Ahronoth. In East Jerusalem, the Palestinian newspaper Al-Quds (20%) led on Yedioth Ahronoth (15%), but surprisingly enough, the third place was taken by the Zionist right-wing Israel Hayom (6%).

On radio preferences the Arabic regional A-Shams station is leading (19%) over IPBC's Arabic language broadcasting station Kan Makan (17%). Out of Hebrew language radio stations, Kan Bet (6%) led over the news military station GLZ, which got only 2% exposure.

In the realm of television, the old Keshet channel (before it turned to Keshet 12), was the most viewed one. Since Lapam studied only Israeli media outlets, it ignored the Arabic language satellite channels, which attract a large proportion of viewers in Israel's Arab society.

[80] Chen Maanit, "אכיפה בררנית? כך נערך היועמ"ש לטענות הנגד של הנאשם נתניהו" (Selective enforcement? This is how the AG held the defendant Netanyahu's counterclaims), Globes, 29 January, 2020, available (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001316508> (accessed on 16 April 2020).

[81] Although the Arab population accounts for some 20% of Israel's population, the representation of Israeli-Arabs in daily news and talkshows across popular media in 2018 amounted to merely 2.9%, and in those only 16% were Arab women.

[82] The study was run by Nielsen Group and the New Wave for Lapam.

[83] See more in Lapam research in the Arab Sector, available to download at The Seventh Eye (in Hebrew): <https://cdn.the7eye.org.il/uploads/2018/09/2-2017-מחקר-מדיה-במגזר-הערבי.pdf> (accessed on 12 May 2020)

Russian Language News Media[84]

The great wave of *aliyah* (Jewish immigration to Israel) from the Former Soviet Union (FSU), which began with the Union's collapse at the end of the 1980s, led to a dramatic increase in the number of Russian speakers with specific cultural and economic preferences. In one year, between 1989 and December 1990, around 200,000 immigrants arrived, more than the overall sum of immigrants from the Union of Soviet Socialist Republics (USSR) who arrived throughout the entire 1970s (170,000 people).[85]

According to 2015 CBS data, some 45% of the Russian-speaking immigrants who arrived in the country from the 1970s have mastered the Hebrew language at intermediate and lower levels, and 53% barely read Hebrew. Moreover, some 75% of the 1.1 million people who arrived until 2019 still want to consume Russian-language content, regardless of their Hebrew languages skills. [86] Today, Russian language media consumers comprise more than half a million people. Nevertheless, they do not manage to financially sustain the Russian language outlets, which suffer major deficits.

The most influential Russian language outlets are the following:

- Vesti, a weekly newspaper of the Yedioth Ahronoth group, was considered the leading brand in the Russian press industry in Israel for about 26 years. Since early 2019 it entirely moved its journalistic activities to a digital platform and closed the printed version. Along with original content, it publishes translations of articles and columns written for Yedioth Ahronoth. Consistently, Vesti's agenda has been promoting the Russian nationalist Knesset member, Avigdor Lieberman, and his right-wing party. The media group, controlled by Arnon (Noni) Moses, purchased in early 2015 the rival website Yazrus for ILS 100,000 (€24,000) and closed it without explanation two years later. One year after Vesti went exclusively digital, Yedioth Ahronoth's Russian-language website recorded nearly 1.5 million unique visitors every month and more than 100,000 followers on Facebook.[87]
- Novosti Nedeli is a weekly newspaper from the Maariv and Jerusalem Post Group. Established in 1989, it includes original content, along with Russian translations of articles and articles from Maariv and The Jerusalem Post under the editorship of Leonid Blutzerkowski. The group's owner, Eli Azur controls other weekly newspapers in Russian including Echo, Scarlet and Lauch.
- Channel 9 is a Russian commercial television channel. Since it launched in 2002, it is the only one of its kind in Israel. During most of its operation years, it suffered losses. In its early years, it was owned by oligarch Lev Leviev. Today, it is controlled by Alexander Levin who has produced programs in Russia. (*See more in Television under Key Players in this report*)

[84] Russian Ownership Map, The Seventh Eye, January 2018, available (in Hebrew) at <https://www.the7eye.org.il/268360> (accessed on 10 November 2019).

[85] Radio interview of Benny Titlebaum with Chief Scientist of the Ministry of Aliyah and Integration Prof. Zeev Hanin, 26 May 2019, Kan Bet, <https://www.facebook.com/lpanim/videos/299637154249854/>

[86] From The Seventh Eye Conference on Russian Language Media in Israel, 25 January 2018. See <https://www.the7eye.org.il/279088> (in Hebrew).

[87] Ynet Digital "אתר וסטי מסכם שנה מוצלחת" (Vesti website sums up a successful year), 19 December 2019, available (in Hebrew) at <https://web.archive.org/web/20200119174237/https://www.ynet.co.il/digital/internet/article/SkTnzzFOB> (accessed on 20 December 2019)

- Newsru news site is the Israeli branch of Newsru.com. Established in 2005, it is considered under Yevgeny Finkel's editorship the most popular website among Israeli websites in Russian language. Its owner, Vladimir Gusinsky, previously owned the international television network RTVi, NTV channel, Russian newspaper Sevodnia and some of the shares in Maariv Newspaper. Gusinsky controls Newsru through the American Media New LLC Internet. In addition to news, the site also includes content on culture, entertainment and sports.
- Detaly News site was founded in 2017 by Leonid Nevzlin, a minority shareholder in Haaretz and publisher of the journal Liberal. Nevzlin owns 95% of the website's shares, alongside his confidant Eric Wolf, who owns the remaining 5%. Under Emil Schlimovich's editorship, the site operates alongside Haaretz, and translates original content specifically written for Haaretz.
- Kan Reka Immigration and Integration Radio is a public station established in 1991 as part of Kol Israel (Israel Broadcasting Authority). It is now operated by the IPBC Kan. The station broadcasts current affairs in various languages, most notably in Russian.
- Pervoe Radio is a commercial regional radio station, which was set up in 2001 and is available around the center of the country. The station mainly broadcasts popular music in Russian, but also current affairs programs. It is owned by David Ben Basat, owner of Radius 100FM and Radio Lev Hamedina.

KEY FUNDERS

Non-Governmental Funders

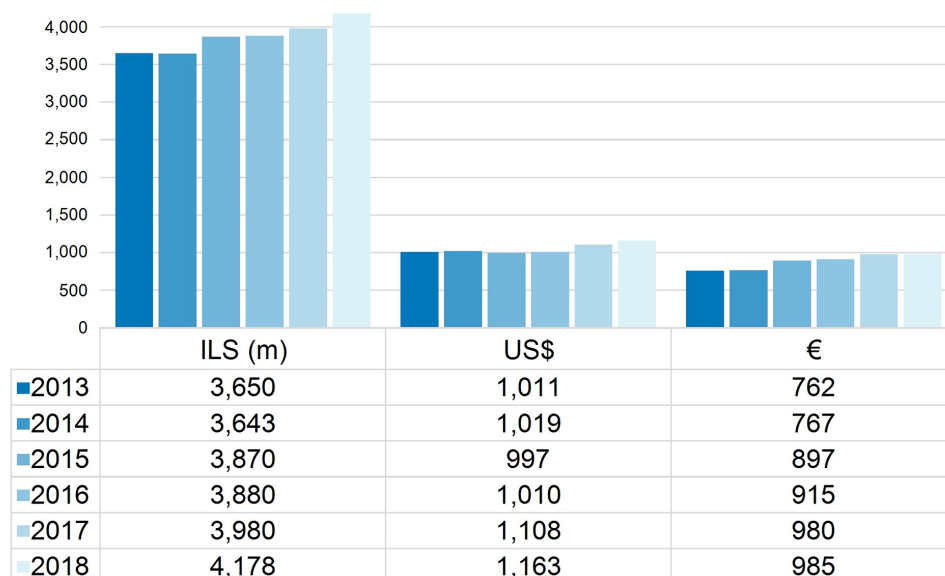
Advertising

Advertising continues to provide the lion's share of income for the whole media industry in Israel.[88] Over the last decades, after the termination of state monopoly, the advertising sector has experienced constant growth. In 2018, advertising spending exceeded €985m, which was an annual increase of more than 4% compared to the previous year, according to data from Israeli Marketing Association.

[88] Interview with Liat Ziv, former Partner and Director of Strategy and Business Development at the Geller Nesis Publicis (now merged into Publicis Israel), May 2019

The advertising pie

Advertising spending in Israel, 2013-2018



Note: All figures in foreign currency in this report are calculated using annual average exchange rate of the Bank of Israel[89]

Source: Israeli Marketing Association, Central Bureau of Statistics Israel

Television leads with the largest share of ad spending in Israel. However, the internet has become a serious competitor to television in recent years. In 2018, for the first time, the share of television and internet in the total advertising market was about the same (36%). In contrast, the print media sector has been steadily losing ad revenues. In 2018, it recorded another significant decline in ad expenditure, of about 12%, which was a loss of some €17.6m. In 2018, the print media accounted for 13% of the total ad spend in Israel, the lowest figure ever.

Fighting for the lion's share

Spending breakdown, by media segment, 2016-2018

| Media market | 2016 | | 2017 | | 2018 | |
|--------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | Spending (in ILS m) | Share (%) of total | Spending (in ILS m) | Share (%) of total | Spending (in ILS m) | Share (%) of total |
| Television | 1,419 | 37% | 1,476 | 37% | 1,491 | 36% |
| Internet | 1,176 | 30% | 1,329 | 33% | 1,488 | 36% |
| Print | 708 | 18% | 623 | 16% | 548 | 13% |
| Outdoor | 260 | 7% | 283 | 7% | 294 | 7% |
| Radio | 272 | 7% | 223 | 6% | 312* | 7% |
| Cinema | 45 | 1% | 46 | 1% | 45 | 1% |
| Total | 3,880 | 100% | 3,980 | 100% | 4,178 | 100% |

*the figure was calculated according to a new methodology that included ad spend on GLZ and GLGLZ, channels owned by the IDF military, which were not canvassed in previous years.

Source: CMDS based on data from the Knesset Research & Information Center, Israeli Marketing Association, Central Bureau of Statistics Israel

[89] See more at <https://www.boi.org.il/he/Markets/ForeignCurrencyMarket/Pages/average.aspx> (accessed on 25 October 2019).

Digital advertising has been growing steadily in the country, driven first by the tech giants Google and Facebook, and secondly by the increasing appetite of the Israeli public for digital content. Many companies are launching digital products and services that need digital advertising support. In 2018, the categories most looked for by advertisers were mobile display, Facebook ads, influencers and micro-celebrities.

In June 2019, Bakara, a valued media company specializing in monitoring the performance of dozens of the biggest advertisers in the market, exposed how dominant the internet giants Facebook and Google became in the local market.[90] The figures published by Bakara created a turmoil in the ad business. Its data indicated that 62% of digital budgets are directed to Google and Facebook. Google leads with 22% of the total ad budgets (not including sales by the Google-owned YouTube) spent in Israel. YouTube alone holds the second place with 17% of digital advertising budgets in the country. Thus, Google holds almost 40% of the digital advertising market in Israel. Facebook has also made inroads in the Israeli ad market. The company holds 15% of digital advertising in Israel, with its main part likely to be commanded by video. In addition, 8% of digital advertising is directed to Instagram, another platform owned by Facebook since 2012. The company, has seen a significant surge in the volume of advertising in Israel over the past two years.[91]

Given that the advertising market in Israel is worth some ILS 4bn a year, according to Ifat Media Analysis, the share of Google and Facebook combined is valued at some ILS 900m, according to Bakara (22.5% of the annual worth). However, the ad income that Google and Facebook make in Israel is probably much higher. Bakara based its analysis on big advertiser data, but Google and Facebook benefit financially from countless small, local or niche advertisers that use the segmentation capabilities of the internet giants to reach targeted audiences and pay them for the service. All these advertisers prefer Google and Facebook as advertising platforms.

The constantly growing sector of video advertising is dominated as aforesaid by YouTube, Facebook, and Artimedia, a domestically owned digital ad platforms that works with the leading Israeli content sites to sell space on their existing "video assets." [92] According to Bakara, almost 70% of ad budgets in Israel are spent on video content as following: 47% on television, 20% on digital video and 2% on cinema. Video advertising offers a cheaper advertising option to small and medium-sized customers that cannot afford the high price of advertising on commercial television.

In the first half of 2019, the digital advertising market continued to grow thanks both to the further development of the digital sector and to the two rounds of national elections, in April and September, when ad spend increased massively. One event that is likely to significantly affect the digital advertising market in the future was in August 2018 the entry of the e-commerce giant Amazon in online advertising and the launch of its Israeli retail site.[93]

[90] Nati Toker, "המספרים נחשפים: גוגל ופייסבוק שולטות בפרסום דיגיטל בישראל", (The Number Exposed Google and Facebook dominate digital advertising in Israel), 25 June, 2019, available (in Hebrew) at

<https://www.themarker.com/advertising/premium-1.7406626> (accessed 20 November 2019)

[91] According to Bakara, in 2017, Instagram's volume of advertising in Israel reached only 1.7%.

[92] Artimedia manages sales and production of ads on interactive videos. Their business partners include Mako (Keshet 12), Reshet 13, Haaretz, Globes, Channel 20, The Marker, Israel Hayom, Walla and Calcalist.

[93] Experts foresee Amazon's recent purchase of Sizmek, a relatively small online advertising shop, as a big step in Amazon's strategy to step up its competition with Google and Facebook on the digital advertising market. Amazon is expected to use its huge database of personal information on online buyers that it constantly collects as a competitive edge.

Deepest pockets

The largest advertisers in Israel, 2018

| Industry | Industry, total (€m) | Key spenders | Change, year on year (2018/2017) |
|---------------------------------------|----------------------|---|----------------------------------|
| Retailers and marketing chains | 62.2 | Superfarm, Sufersal, Hamashbir-Lazarchan | -11% |
| Government ministries | 42.9 | Ministry of Transport, Ministry of Education, Ministry of Economy | 5% |
| Furnishing and home design | 40.5 | Ikea, Nicoletti, Semel Kitchens | -2% |
| Television broadcasting | 35.9 | Yes, Cellcom, Partner TV | 4% |
| Mass-market cars | 32.8 | Kia, Dacia, Subaru | -28% |
| Electric appliances | 32.8 | Tornado, Electra, Newpan | -21% |

Source: Israeli Marketing Association

Hidden Advertising

The most problematic financial practice in the Israeli media is hidden advertising, which is a recent phenomenon. A form of indirect advertising, hidden advertising is a practice where commercial products or political interests are advertised without being labeled as such. Although media executives and advertisers often feel uneasy about hidden advertising, they accept it as it is essential for their bottom line. Decisions about signing such tricky deals border the fine line between commercial interests and editorial principles that include ethics – and integrity – related norms.

However, in a small country whose print media sector is sinking and where most of the media outlets are concentrated in the hands of a few oligarchs who control corporations from many other industries, the spread of hidden advertising practices is worrisome. Both international and local corporations as well as political groups and parties invest in hidden advertising to market their products, services and ideologies.[94]

For example, in 2017 Walla!News, one of Israel's major news portals, published a series of articles sponsored by Philip Morris, a tobacco manufacturing colossus, which praised a new cigarette (IQOS) and the Philip Morris brand itself. Legislation in Israel restricts advertising of tobacco products.[95] In a separate case, Keshet 12, Israel's largest commercial television channel by audience, broadcast in a financial news program an interview with an actor who wore a shirt advertising his participation in an ad campaign for the beverage producer Prigat, which is owned

[94] Oren Persico "ערכי הזיהום" (The pollution values), The Seventh Eye, 6 September 2019, available online (in Hebrew) at <https://www.the7eye.org.il/343489> (accessed on 7 September 2019).

[95] Anat Balint, "אני אוהב אותך פיליפ-מוריס" (I love you Phillip-Morris), The Seventh Eye, 14 May 2017, available online (in Hebrew) at <https://www.the7eye.org.il/248393> (accessed on 7 September 2019).

by the Wertheim family who are also shareholders in Keshet 12.[96] Its rival, Reshet TV allowed “planted” references to the fizzy drink Coca Cola in X-Factor, a popular reality show.[97]

Print media also engage in such practices on a regular basis. Yedioth Ahronoth newspaper once published a whole page advertising Bank Hapoalim that was disguised as editorial content. The page was paid for by the bank, which also controls roughly a third of the newspaper’s shares.[98] In yet another example, in 2019, the newspaper Maariv published an interview with the head of Noble Energy Israel, David L. Stover, focused on a new gas production project. The interview, however, did not touch upon the tough questions of environmental damages and human risks but was actually designed as a Public Relations (PR) platform for the gas corporation. It later transpired that the company had sponsored a conference organized by Maariv that week.[99]

Acquisition of journalistic content by government agencies is a relatively new and flourishing phenomenon in the Israeli media landscape, which has also been prompted by the economic crisis that affected the media business. The Yedioth Ahronoth group is one of the media companies known to have embraced this practice, turning it into a constant revenue stream. Government ministries in recent years have become increasingly sophisticated in the formats of surreptitious advertising they use. For example, the Ministry of Education sponsored in 2015 a campaign to promote its former minister Shai Piron, with ads masked as editorial content featured in the Yedioth Ahronoth newspaper and its popular YNet website.[100] Mako, another popular news portal, which belongs to Keshet TV, in 2017 published articles overtly supporting a campaign of the Integration Ministry aimed to deter Israelis from leaving the country.[101]

Hidden advertising is also popular among government-controlled companies such as Israel Railways, Israel Aerospace Industries, Mekorot-Israel National Water company and the Haifa Port. They allocate high budgets to disseminate propaganda that often waxes lyrical about the ministers in charge. Unlike government ministries, which are not explicitly forbidden from buying ads, government-controlled companies are not legally allowed to “collaborate” with media outlets.[102]

Philanthropy

Philanthropy funding in Israeli media accounts for roughly 22% of the total foreign donor money spent in the Middle East, according to estimates by CMDS based on data from Media Impact Funders (MIF), an NGO that tracks philanthropy money in journalism.[103] The impact of donor

[96] Itamar Baz, “דרושה לפיצוי בסך 250 מיליון שקל מחברות הטלוויזיה קשת ורשת” (Demand for ILS 250M worth compensation from Keshet and Reshet), The Seventh Eye, 27 June 2019, available online (in Hebrew) at <https://www.the7eye.org.il/335026> (accessed on 7 September 2019).

[97] Ido Keinan, “רשת מצפצפת על הרשות השנייה” (Reshet curls its lip at the Second Authority), The Seventh Eye, 29 October 2013, available online (in Hebrew) at <https://www.the7eye.org.il/82993> (accessed on 20 September 2019).

[98] Oren Persico, “דעה קדומה בורגנית” (Bourgeois prejudice), The Seventh Eye, 16 August 2019, available online (in Hebrew) at <https://www.the7eye.org.il/341067> (accessed on 16 August 2019).

[99] Oren Persico, The pollution values, cit.

[100] Itamar Baz, “כל הכבוד לשר (לשעבר)” (Well done (former) minister), The Seventh Eye, 22 January 2015, available online (in Hebrew) at <https://www.the7eye.org.il/144099> (accessed on 3 September 2019).

[101] Itamar Baz, “מגיע לכם כסף מהמדינה” (You deserve money from the state), The Seventh Eye, 9 March 2017, available online (in Hebrew) at <https://www.the7eye.org.il/239341> (accessed on 3 September 2019).

[102] Itamar Baz, “חסות היא חסות ולא משנה איך מציגים אותה” (Sponsorship is sponsorship, no matter how it’s presented), The Seventh Eye, 1 February 2016, available online (in Hebrew) at <https://www.the7eye.org.il/190802> (accessed on 3 September 2019).

[103] Data from MIF shows that philanthropy money in the Middle East totals US\$ 69.9m, of which US\$ 15.5m were spent in Israel.

money on journalism or media freedom is, however, questionable as minorities continue to be underrepresented in the media[104], and the relations between high officials, politicians, tycoons and journalists are marred by corruption and undue influence.

Overall, the value of philanthropy spending in the media in Israel remains very low. Since 2009, a total of US\$15.5m in foreign donor money was invested in the country's media, according to MIF. That accounts for less than 2% of the advertising market in a single year in Israel. Of the entire donor funding in the media in Israel, the biggest amount, some US\$ 6.9m, was spent on media content and platforms, followed by investments in telecommunications and projects related to media access and policy. Grants dedicated to journalism per se were worth US\$ 1.3m.

The key philanthropies in Israel's media are U.S. based foundations, with some Jewish or Zionist connections, identity or objectives. Leona and Harry Helmsley Charitable Trust makes the largest funder by far, investing in telecommunications in health centers, and in Tel Aviv University; it accounts for nearly half of the total value of the Israeli grants received in the last decade. The New Israeli Fund (NIF) a U.S.-based foundation that operates from Israel, comes second, with a total investment of US\$ 2.3m and a record high number of 49 grants. The NIF constantly raises controversies in the country and is the focus of intense criticism from right-wing organizations and non-liberal political institutions. In April 2018, following a government-run deportation campaign against African refugees, Prime Minister Netanyahu posted[105] on his Facebook page: "The NIF is a foreign organization that receives funding from foreign governments and hostile parties to Israel, such as George Soros' funds. Its ultimate goal is to erase Israel's Jewish character and make it a state of all its citizens, alongside a Palestinian nation-state free of Jews... whose capital is Jerusalem." [106]

Among other things, the NIF supports some important journalistic initiatives such as The Seventh Eye, a media investigative website, the +972 digital platform of citizen journalism that covers Israel-related and Middle Eastern topics, The Whistle, a platform that seeks to find fake and inaccurate information in the media, and Social TV, which covers marginalized socio-economic and political stories.

It is but a few donors that are not based in the U.S. that support media in Israel. They come from England, Lebanon, Norway and Denmark. Only three donor organizations identify themselves as specifically focused on women issues, and just two give grants for the Arab community, a surprisingly low number given the marginalization of Arab and Palestinian society in the country and their challenged freedom of speech.

Local donations raised for general causes account for about 50% of the country's philanthropy. Donations oriented specifically to media and communication organizations are underrepresented or insufficiently recorded in the latest survey of the Central Bureau of Statistics.[107]

[104] Oren Persico, "להחזיר את החתיכה החסרה" (Bringing Back the missing piece), The Seventh Eye , 17 October 2019, available online (in Hebrew) at <https://www.the7eye.org.il/347252> (accessed on 18 October 2019).

[105] Noa Landau, "נתניהו: הקרן החדשה גרמה לביטול ההסכם עם רואנדה" (Netanyahu: the NIF caused annulment of the Rwanda agreement), Haaretz, 3 April 2018, <https://www.haaretz.co.il/news/politics/1.5975286> (accessed on 17 October 2019).

[106] Full disclosure: This report is part of the Media Influence Matrix project run by the Center for Media, Data & Society (CMDs), a research center at Central European University, which is a private school founded by Soros. Media Influence Matrix is a research project run independently by CMDs' experts.

[107] Israeli Central Bureau of Statistics, Israel's Philanthropy report 2012-2015, available online (in Hebrew) at https://www.cbs.gov.il/he/mediarelease/DocLib/2017/353/08_17_353b.pdf (accessed on 25 October 2019).

State Funding

The state funds public media in Israel by allocating subsidies channeled directly from the state budget. In addition, the State of Israel operates its own advertising agency, (Government Advertising Bureau, known as Lapam), which handles all the marketing deals of the government, including public and social campaigns for a wide range of public and government-run organizations.

The Israeli public media consist of two wings: Broadcasting, digital platforms and publications run by the military (Israel Defense Forces, IDF), and television and radio broadcasting run by the Israeli Public Broadcasting Corporation (IPBC). Both groups have gone through multiple changes in the last decade.

The most dominant service from the military media group is GLZ, a popular radio news station, which is a unique hybrid outlet in the world of public media: although it is operated jointly by the Israeli military and the Ministry of Defense (MoD) with some IPBC regulatory affiliation, it is surprisingly renowned for its relatively neutral, liberal and reliable news reports and quality radio programming. However, it was not easy to keep GLZ away from political interests and attempts by ministers of defense (like Avigdor Liberman) to fully subordinate the station to the MoD budget, which would have endangered the station's autonomy and its public interest focus. [108]

Although the GLZ budget is considered classified, and the amounts it gets from the MoD are kept confidential, in 2016 the Movement for Freedom of Information managed to obtain some financial data from IDF's press department.[109] In recent years, GLZ has managed to increase its ad revenues, which are close to €8.6m a year. The instructions of the Attorney General stipulate that some mechanisms should be established to ensure the needed budget to operate the station.[110]

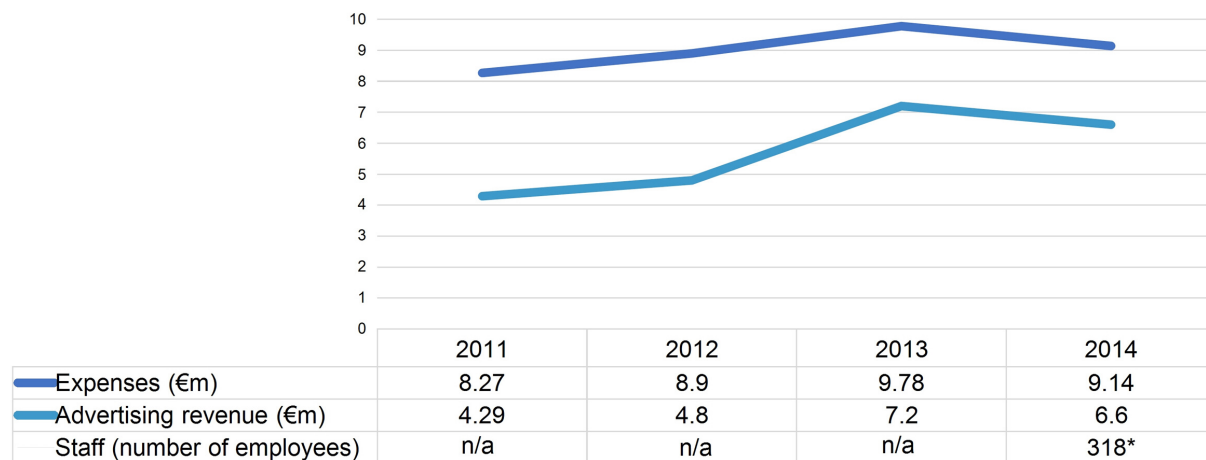
[108] Amos Harel, "מנדלבל'ט בלם את הכפפת גל"צ למשרד הביטחון מחשש לפוליטיזציה" (Attorney General halted GLZ subordination to Defense Ministry for fear of politicization), Haaretz, 10 December 2017, available online (in Hebrew) at <https://www.haaretz.co.il/news/politics/1.4675029> (accessed on 3 September 2019).

[109] IDF Spokesperson Unit reply to The Movement for Freedom of Information appeal, 24 May 2016, available online (in Hebrew) at <https://www.meida.org.il/?p=6283> (accessed on 3 September 2019).

[110] Nati Toker, "גלי בלי צה"ל: מה יקרה לגל"צ אחרי המעבר למשהב"ט" (What will Happen to GLZ after subordinating it to the Ministry of Defense), The Marker, 21 November 2017, available online (in Hebrew) at <https://www.themarker.com/advertising/1.4611831> (accessed on 3 September 2019).

Money for military voices

Budget of GLZ, 2011-2014



n/a: not available;

*of whom 168 soldiers

Source: IDF

IPBC distributes its productions across various platforms in television, radio, its Kan internet website, and on social networks including Facebook, YouTube, Spotify and Instagram. It also has car and mobile apps. IPBC operates three television channels, eight radio stations, and produces a cornucopia of digital content packages including podcasts, network series and video content.

Its main television channel is Kan 11, which broadcasts mainly news, current affairs and cultural programs, entertainment, satire and investigative journalism. IPBC also operates Kan Educational TV, a dedicated channel for children and youth, and Makan 33, an Arabic language channel focused on news and cultural programs.

The radio section consists of the following stations:

- News
 - Kan Bet: one of the most popular stations that specializes in broadcast news and current affairs
- Music
 - Kan 88: music channel focused on rock, jazz and indie
 - Kan Gimel: focused on Hebrew music
 - Kan Kol HaMusica: focused on classical music
- Broadcasts in other languages than Hebrew
 - Makan Radio (Arabic)
 - Vois Farsi (Persian)
 - Reka (nine languages including Russian, Amharic, Georgian and Yiddish)
- Culture
 - Kan Tarbut

Although the IPBC budget is more transparent and exposed to public scrutiny than its military counterpart GLZ, the corporation does not specify how this budget is divided between its broadcasting bodies.[111]

Israel's Media Watch Association (Ladaat) has made a legal petition demanding a court to order IPBC to disclose its financial data on advertising revenue broken down by the various radio stations that it owns.[112] Ladaat wanted to know how much of the amount received from advertising (which was 11% of the total IPBC budget in 2018) came from the various government offices as well as how much money each of the public radio stations earned. IPBC responded by claiming that advertising data are a "trade secret" and therefore it does not have to publish those figures.

According to Ladaat, public financing allows IPBC to sell advertisements at market-breaking prices, making it, in fact, difficult for private radio stations to sell advertising at profitable prices. Ladaat argued that Israel is the only democracy in the world without a nationwide private radio station broadcaster, a result of the power that the public radio corporation has in the advertising market.

The IPBC was legally established in 2015 to substitute the complicated and malfunctioning predecessor, Israeli Broadcast Authority (IBA). Since IPBC began its broadcasting only in May 2017, the financial reports reflect the newly introduced budgetary process, explicating the big income leaps across these years. In the early days of the historical IBA, which founded the public radio in 1948, a fee payment system was adopted to financially support its operation. Imposed by the IBA law, the fee was paid directly from the public to the broadcaster. It was levied on every household that held a television set in Israel, apart from a few groups who were eligible for discounts.

A High Court ruling from 1992 interpreted this toll to be a service fee rather than a tax.[113] Yet, the IBA had then to obtain the approval of the Parliament's Finance Committee for its planned budget and for deciding about the level of the fee. Having the power to delay the collection of fees, the Finance Committee was in the position to put pressure on IBA, which impaired its independence. IBA operated a special Collection Division, which invested great efforts and money in collecting the fee.

The shortcomings of the system (related mainly to IBA's limited financial autonomy and the method used, costly and corrupt, to collect the television fee), attracted official and public criticism of the IBA financing model. It was blamed for operating as a "poll tax" levied regardless of the citizen's financial situation. Some parts of the population, especially people with disabilities, were, in theory, exempted from paying the fee, but in reality, they constantly struggled with IBA's debt collectors.[114]

[111] Jonathan Kitain, "אושר תקציב תאגיד השידור ל-2018" (The 2018 IPBC Budget Approved), Globes, 19 December 2017, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001216082> (accessed on 2 August 2019).

[112] Ariel Vitman, "עתירה נגד תאגיד השידור: לחשוף את ההכנסות מפרסום" (Court appeal against IPBC to expose advertising incomes), Israel Hayom, 18 July 2018, available online (in Hebrew) at <https://www.israelhayom.co.il/article/572277> (accessed on 2 November 2019).

[113] HJC 474/89 Dr. Oded Kariv Vs. IBA

[114] News 2, "לא רואים ממטר: עוורת נדרשה לשלם אגרת טלוויזיה. המבקר הורה לפצותה" (Can Hardly See: A blind woman was obliged to pay IBA fee. The State comptroller ordered to compensate her), Mako, 20 February 2014, available (in Hebrew) at <https://www.mako.co.il/news-israel/local/Article-adfdc0bfl6f4441004.htm> (accessed on 4 September 2019).

In February 2014, the Parliament's Finance Committee revealed the amounts that IBA paid lawyers to serve as debt collectors (payments that were covered in part by public funds).[115] Along the years Israeli public got outraged by the television fees as a result of the critical journalistic coverage of these fees. They often reacted either by sending complaints to IBA, the Ministry of Communication and the State Comptroller office, sharing criticism on social networks, or, passively, by just ignoring the obligation to pay the fee.[116] The television fee was cancelled as of April 2015, in line with a decision made by the Knesset in July 2014.

The radio fee, to finance the public service radio, imposed through the Traffic Ordinance Law, is collected through the annual vehicle license fee, and is transferred to the IPBC (until 2017 it was sent straight to the IBA). This fee is still in place, being the main source of funding for the public radio broadcasting.[117]

From the main IPBC budget, the news department is being annually allocated ILS 160M (€37.7m), which is roughly twice as big as the budget of news production on commercial channels. In 2015, for example, the news department at the old Channel 2 had a budget of ILS 88m. It should be noted that IPBC spends some ILS 25m from its news department budget to produce news in Arabic, a public commitment to the Arab citizens (which commercial stations are unfortunately free to avoid). On top of that, the budget of the IPBC news department also covers costs related to production of digital news, and to the operation of the radio station Kan Bet (whose budget is estimated at ILS 18m a year).[118]

IPBC also generates revenues from advertising sales, but that is a marginal source of income, accounting for less than 10% of the company's yearly budget. By law, the broadcaster must comply with a set of restrictions on sponsorship, public messages and advertising. These rules prohibit violation of good taste or hurting the public's feelings or its wellbeing.[119] Such strict rules and drastic internal inspections within the corporation often scare off advertisers interested in spending money on IPBC's platforms. Following a tender, in November 2016 IPBC selected Target Spirit, of the Target Market Group, to market the Corporation's airtime on television, radio and digital platforms.

[115] Avigad Doron and Adi Ben Israel, "כך התעללו בכם עוה"ד שגבו האגרה" (This is how IBA debt-collecting lawyers have abused you), *Globes*, 19 February 2014, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1000918383> (accessed on 28 July 2018).

[116] Hadas Barak, "מחאת חצי המיליון: אגרת רשות השידור הפכה לזומבי" (The half a million protest: IBA fee became a zombie), *Globes*, 30 January, 2014, available (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1000912969> (retrieved 4 September 2019).

[117] Interview by the author with Arie Sharoni, financial consultant to the Israeli Ministry of Transport, June 2019 (see also Jonathan Kitain, "2018-ל-השידור תאגיד תקציב" (The 2018 IPBC Budget Approved), *Globes*, 19 December 2017, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001216082> (accessed on 2 August 2019).

[118] Noa Price, "אשר תקציב התאגיד ל-2018: תקציב החדשות פי שניים מערוץ 2 ו-10" (The 2018 IPBC budget approved: the news department budget is twice that of commercial channel) *Walla*, 19 December 2017, available online (in Hebrew) at <https://b.walla.co.il/item/3120526> (accessed on 15 July 2019).

[119] Knesset Book of Law: Public Broadcast Law, 2014 (in Hebrew)

https://www.nevo.co.il/law_html/Law01/501_075.htm#med2;

<https://main.knesset.gov.il/Activity/Legislation/Laws/Pages/LawPrimary.aspx?t=lawlaws&st=lawlaws&lawitemid=2002322>

Public media accounts

Income of Israeli Public Broadcasting Corporation (IPBC), 2015-2018

| | | Total income | License fee | Advertising | State financing* | Other sources |
|------|------|--------------|-------------|-------------|------------------|---------------|
| 2015 | ILS | 15,000,000 | - | - | 15,000,000 | - |
| | US\$ | 3,865,980 | - | - | 3,865,980 | - |
| | € | 3,480,300 | - | - | 3,480,300 | - |
| 2016 | ILS | 232,444,000 | - | - | 232,444,000 | - |
| | US\$ | 60,532,300 | - | - | 60,532,300 | - |
| | € | 54,821,700 | - | - | 54,821,700 | - |
| 2017 | ILS | 622,565,000 | - | 30,946,000 | 591,313,000 | 306,000 |
| | US\$ | 173,416,434 | - | 8,620,055 | 164,711,142 | 85,236 |
| | € | 153,341,133 | - | 7,622,167 | 145,643,596 | 75,370 |
| 2018 | ILS | 791,198,000 | 3,371,000 | 90,107,000 | 696,671,000 | 1,049,000 |
| | US\$ | 220,389,415 | 939,000 | 25,099,442 | 194,058,774 | 292,200 |
| | € | 186,603,300 | 795,100 | 21,251,650 | 164,309,200 | 247,400 |

Note: The budget covers television, digital and radio

*Channeled through the Ministry of Transport (annual vehicle license fee)

Source: IPBC Financial Reports

The Rating Committee, which has provided television ratings for both public and commercial television in Israel during the last 22 years, has often pointed to the unsatisfactory performance of the public television (IBA, back then), implying that a restructuring of the broadcaster's regulatory regime was needed; and yet, five months after operating under the newly established IPBC, the ratings of the public television primetime programming and of the Evening Newscast (Mabat) didn't significantly improve.[120]

In spite of its mediocre television ratings, one of IPBC's strengths seems to be the audience share of its digital broadcasting platform.[121] Thus, following ongoing deliberations, in May 2019 the IPBC announced its withdrawal from the Israeli Rating Committee, arguing that its people-meter method is outdated, unable to capture the changes in viewing habits in recent years, within and without Israel. In addition, IPBC claimed that the Rating Committee does not reflect the overall viewing data of its digital content and does not represent the entire population. Hence, being measured by the Committee risks creating a misleading representation of IPBC's audience share, thus inflicting heavy damages on the corporation.[122]

[120] During IPBC's first five broadcasting months (June-October 2017) television ratings stood at 2.6% in primetime, and 4.3% for the evening newscast. The average ratings of its predecessor, IBA, were 2.6% in primetime and 3.8% for its evening newscast. See: The Whistle Fact check, "איוב קרא, שר התקשורת: אפילו הרייטינג של התאגיד ירד ממה שהיה ברשות השידור" (Ayoob Kara Minister of Communications: "Even the IPBC rating went lower than what it was under IBA"), The Whistle, 17 November 2017, available online (in Hebrew) at <https://thewhistle.globes.co.il/feed/6a0JDdOyLN> (accessed on 10 May 2020); and Jonathan Kitain, "תאגיד השידור לא מצליח להותיר מאחור את נתוני רשות השידור" (IPBC fails to leave IBA's data behind), Globes, 14 May 2018, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001235776> (accessed on 20 November 2019).

[121] Einat Shahak, "ערוץ היוטיוב של כאן - הנצפה ביותר ב-2019" (Kan YouTube channel, most viewed in 2019), ICE, 10 December 2019, available (in Hebrew) at <http://www.ice.co.il/hotnews/news/article/772953> (accessed on 20 April 2020).

[122] Avior Abou, "התאגיד פרש, אבל הרייטינג עדיין נמדד" (IPBC retired but the rating is still measured), Calcalist, 1 January 2020, available online (in Hebrew) at <https://www.calcalist.co.il/marketing/articles/0,7340,L-3776844,00.html> (accessed on 2 January 2020).

One of Kan 11's highest rating ever (35%) was recorded on 12 May 2018, during the Eurovision Song Contest in Lisbon where the song of the Israeli participant Netta Barzilai, Toy, won the competition. Another high figure (37.2%) was recorded on 15 July 2018 when the 2018 football World Cup finals were broadcast. That said, the average Kan 11 television rating was around 2.6% between May and October 2017.[123]

It is not totally clear why IPBC is so fussy about its rating data.[124] It seems almost like a personal motivation of its determined executives (Eldad Kovlantz and his management) to produce better results, both in quantity and quality, than IPBC's predecessor, as a way to justify the reform of the public broadcasting. Secondly, IPBC's anxiety about ratings indicates that the broadcaster is trying to send a message of modernization and renovation, which it expects to resonate with younger audiences that it wants to attract on its various platforms. The drive to improve ratings has also to do with the company's desire to increase its financial resources to be able to finance original Israeli productions of high-quality.[125] In fact, IPBC's productions are generally perceived to be of high-quality, with an increasing number of people consuming the broadcaster's content. Notably, the corporation has also managed in recent years to attract many talented television and radio professionals to its current affairs, news programs and talkshows.[126]

As of January 2020, IPBC has officially refused to acknowledge the data published by the Rating Committee, and plans to opt for an independent rating measurement system, which will measure content across all its platforms (radio, television and digital), and provide one numerical figure that weighs them.[127] The corporation expects the ad revenue to grow as well, and, along with it, its influence and power in setting the public agenda.

On radio, IPBC performs much better, according to data from the latest TGI survey, released in July 2019. The overall audience of IPBC's flagship news station Kan Bet, and music stations Kan Gimel and Kan 88, recorded an average 12% increase in the semi-annual survey of January-June 2019 compared to July-December 2018.[128]

Besides public media, the government also spends money on advertising in media outlets and digital platforms. The government's ad campaigns are managed through Lapam, a unit of the

[123] There are two ways in which the Rating Committee "cuts" the data along different operationalizations of the sampled group. One is by measuring Jewish households, and the second, by measuring all viewers from the entire society, above 4 years old. Obviously, the second one shows significantly lower results than the first. According to the Rating Committee, the yearly average (all years 2017-2019) of Kan 11, if calculated with the second operationalization, would stand at 0.4%, according to Kantar Israel and IARB.

[124] Anat Bein-Leibovitz, "סליחה על השאלה אבל למה יש פרסומות בתכניות התאגיד ביוטיוב?" (You can't ask that but why are there advertisements in the IPBC programs on YouTube?), Globes, 24 December, 2019, available (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001312222> (accessed on 26 December 2019).

[125] According to Globes, the corporation also plans to establish a fund to which the money from the digital ads will be transferred and then returned to the market of original content. At this stage it has not yet been decided how the funding will be allocated and who will be in charge of monitoring its distribution. (Anat Bein-Leibovitz, "You can't ask that...", cit.)

[126] Shani Litman, "כך נהפך השידור הציבורי לדבר הכי חם בטלוויזיה" (That's how public broadcasting became the hottest thing on television), Haaretz, 26 December 2018, available (in Hebrew) at <https://www.haaretz.co.il/gallery/television/.premium-MAGAZINE-1.6783148> (accessed on 20 April 2020).

[127] Anat Bein-Leibovitz, "תאגיד השידור הציבורי יוצא למכרז על הקמת מערכת מדידת רייטינג עצמאית" (IPBC will launch a bid for establishing an independent rating system), Globes 19 May 2019, available online (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001301297> (accessed on 20 May 2019).

[128] Anat Bein-Leibovitz, "10%-ב-מחמא, הפרסום בתחנות התאגיד מתייקר" (Following the flattering TGI survey, advertising with IPBC stations is getting more expensive), Globes, 7 August 2019, available (in Hebrew) at <https://www.globes.co.il/news/article.aspx?did=1001296369> (accessed on 28 July 2019).

Ministry of Finance that manages the design and supply of advertising services for government ministries, statutory authorities, government-run companies, public institutions and government-supported bodies.

Lapam has been at the heart of controversy for years as the big agencies in the advertising business wish to get rid of it and take over the yearly government advertising budget, of around ILS 170m.[129] Private companies argue that Lapam is wasteful and lacks transparency, and, therefore, must be liquidated or, at least, forced to give up its monopoly and compete with other players for government advertising budgets, which would lead to more competitive prices.

Government money in the media

Advertising spend by Lapam in the media in Israel, 2013-2016[130]

| Year | Total media advertising spend (ILS m) | Compulsory* expenditure in the press (ILS m) | Share of compulsory expenditure in the press (%) |
|------|---------------------------------------|--|--|
| 2013 | 175.5 | 19.3 | 11% |
| 2014 | 159.0 | 17.0 | 10.7% |
| 2015 | 170.0 | 14.6 | 8.6% |
| 2016 | 172.0 | 29.4 | 17.0% |

*"Compulsory advertising" includes announcements about tenders, planning and construction notices, wills and inheritances, official receivership notices, legal notices and the like.

Source: Knesset Research and Information Center

In spite of the controversies surrounding its operation, Lapam doesn't have real political influence in the media.[131] Doubts, however, have recently arisen as responsibility for Lapam's budget (ILS 300m for advertising both within and without Israel) was transferred in June 2016 from the Ministry of Communications to the administration of Miri Regev, the Minister of Culture, who is known for her extreme political prioritization and bias in allocating resources under her administration.[132] Nevertheless, the Ministry of Culture is staffed by a body of professionals that is trusted to prevent potential influence in the media through funding. Instances of political interference are more to do with issues such as the airtime politicians overuse in various media outlets. Ministers usually take advantage of state advertising to get publicity, make themselves the center of interest and brag about their achievements rather than influence these media outlets.[133]

Nonetheless, Lapam has the power to greatly affect the financial sustainability of some media outlets, especially Jewish Orthodox and Arab media, whose sources of income are particularly low due to the economic situation in these societies. It is important to acknowledge though that

[129] Nati Tuker, "קרב על 170 מיליון בשנה" (The battle over 170 million a year), The Marker, 25 March 2015, available online (in Hebrew) at <https://www.themarker.com/advertising/1.2598836> (accessed on 28 July 2019).

[130] Note: Data from the latest report published by the Knesset, 15 February 2017, Lapam advertisement in the Orthodox sector available online (in Hebrew): <https://cdn.the7eye.org.il/uploads/2015/10/m04135.pdf> (accessed on 17 May 2020)

[131] Interview with Nati Tuker, cit.

[132] Nati Tuker, "מה שווה Lapam אם לא שולטים בה: מירי רגב רוצה למנות את המנכ"ל" (What's worth Lapam if it cannot be controlled: Miri Regev wants to appoint its CEO), The Marker, 5 February, 2017, available online (in Hebrew) at <https://www.themarker.com/advertising/1.3627395> (accessed on 5 November 2019).

[133] Interview with Nati Tuker, cit.

Arab media specifically are being constantly discriminated by Lapam. Despite controlling a vast amount of the money in the ad market, it turns out that Lapam devotes only 4.9% of all its advertising budgets to ads in Arabic even though the percentage of Arab citizens in the country is about 18%.[134] That means that state bodies, via Lapam, invest only a quarter of the budget they are supposed to allocate to Arabic language advertisements.[135] In this case, state funding becomes a tool to indirectly distort the Israeli media market.

[134] According to data provided to the Knesset Research Center (throughout 2013-2015).

[135] Amjad Shabaita, Sikkuy NGO (the association for the advancement of civic equality) Policy paper, 16 July 2018, available (in Hebrew) at <http://www.sikkuy.org.il/wp-content/uploads/2018/07/נייר-עמדה-PDF.pdf> (accessed on 5 November 2019).



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